



**Aalto University**  
School of Business

**Mikkeli Campus**

## **THE EFFECTS OF CHARGING NON-EU/EEA STUDENTS TUITION FEES IN FINLAND HIGHER EDUCATION: COMPARING NORDIC HIGHER EDUCATION**

**Yeo Jun Hui**

International Business

Bachelor Thesis

Date of submission: 9 April 2018

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**Objectives :**

The objective of this study is to find out the effects of charging non-EU/EEA students tuition fees in Finland Higher Education.

**Summary :**

This paper will look at the broad overview of education, free education and internationalisation efforts in Finland HE. Through analysing case studies, this paper aims to find the effects of such moves on Nordic HE such as Sweden and Denmark. Lastly, this paper will conclude and list out suggestions for Finland through the findings.

**Conclusions:**

The implementation of tuition fee on non-EU/EEA students is a good approach for HEI in the internationalization process. However, the Finnish government needs to ask themselves if the aims are long run- or short run in nature. It needs to ensure that the internationalization process is more complete, such as ensuring that international students remain in Finland and the continuity of attracting more students from abroad.

Key words: Key words: *Higher Education (HE); Higher education institute(s) (HEI); European Union/ European Economic Area (EU/EEA); Finland; tuition fees; Centre for International mobility (CIMO); University of Applied Science(UAS); Iceland; Norway; Denmark; Sweden*

**Language:** English

**Grade:**



## **Abstract**

Internationalisation of HE worldwide is a growing phenomenon. Many HEs are in an intense competition to attract the best students worldwide. However, the process of internationalisation is a long one, there are a lot of factors and conditions needed. It might yield positive results, or it might just fall flat. For Finland, it has decided to implement tuition fees for non-EU/EEA students to earn revenues for Higher Education Institutes for this process.

This thesis will focus on the effects of implementing tuition fee on non-EU/EEA higher education students in Finland. This paper will look through the broad overview of education, free education and internationalisation efforts in Finland HE. Through analysing case studies, this paper aims to find the effects of such moves on Nordic HE such as Sweden and Denmark. Lastly, this paper will conclude and list out suggestions for Finland through the findings.

The move to implement tuition fees are unusual for a welfare state like Finland. However, there are reasons behind this move. As with every implementation of a new rule, there are benefits and drawbacks. We will look closely into case studies to find out about lessons that Finland could adopt and improve on its internalisation process in higher education

*Key words: Higher Education (HE); Higher education institute(s) (HEI); European Union/ European Economic Area (EU/EEA); Finland; tuition fees; Centre for International mobility (CIMO); University of Applied Science(UAS); Iceland; Norway; Denmark; Sweden*

Lastly, my gratitude towards Dr Marta Zieba for her guidance and help rendered throughout. It would never be possible without her encouragement and perspective.

OUTLINE  
Bachelor's Thesis

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ABSTRACT

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# **1. Introduction**

There are many definitions of education but in general, education is known as the process of receiving or giving systematic instruction, in this case, this paper is looking at Polytechnics or University. Education enables students to develop understanding and judgement skills (Smith, 2017) and there will be knowledge and abilities acquired over years of learning.

The provision of Quality Education is one of the 17 Sustainable Development Goals created by the United Nations in 2015 (United Nations Sustainable Development, 2017). It is hoped that in 15 years' time, countries can ensure comprehensive and good standard of education for its citizens and promote lifelong learning. For a healthy society, citizens should have access to basic education, a high basic literacy rate, promoting continuous learning and equality between both genders in all levels of education.

Education comes in many forms, structures and variations. There are informal and formal schools, primary to higher education and religious or mainstream. But all education has common goals which are mentioned later in this paper. This paper will focus mainly on Higher Education(HE) System in Finland.

Education levels are a good indicator of life outcomes and goals in life. It can help to define one's career, earnings, social status and a good forecast of one's attitude and well-being.

Hence, in general, education benefit all its stakeholders. Students are more knowledgeable and have increased literacy level. This allow individuals to be more aware and capable of making good decisions, which helps the country by increasing the talent in the workforce and productive capacity of the economy. Not only does this improve the economy of the country, it also reduces the cause of social issues such as poverty and public healthcare cost. Therefore, there is an argument for free education.

However, from Fall 2017, Finland introduced fees to advance higher education opportunities for export while enhancing their funding base. This allows them to focus on the improvement in quality of education and internationalisation of HE. As of now, not much details are known about the impacts of the move, however, we could take a



leaf from the examples of Nordic countries that impose or did not impose school fees for non-EU/EEA students. Hence, a detailed analysis of case studies of Nordic HE, namely in Iceland, Norway, Denmark and Sweden are used for this thesis research. I will make discussions about the situation of HE in the respective countries and impacts the countries faced due to tuition fee or tuition free education. I would also discuss more about the benefits and drawbacks of education and free education and describe the situation of foreigners staying in Finland. Lastly, there are recommendations for Finland to adopt. There are some questions in mind when I am researching on this topic. They are:

1. How will this law be beneficial or non-beneficial in general? Is this move a long or short-term effect?
2. What will be the decline in number/proportion of non-EU/EEA students applying, accepting and enrolling in tertiary education in Finland, using examples from Nordic countries. Will the intake of local students/ EU students rise?
3. Will the implementation of school fees for international students benefit or worsen Finland's economic and education quality in the future? Is this current move too drastic and extreme? Are there any other pull-push factors that could help to mitigate the impact of the decline in enrolment numbers?

I chose this topic as it relates to me as a non-EU/EEA student studying in Aalto and I have many peers that are from other country that are receiving education here. It is also important to note that many foreigners who obtained their citizenship here had studied in Finland before. Hence, introducing school fees might impact Finland's economic future and discourage the inflow of talent to the country. I would like to further my studies in Finland or Europe, so it is important for me to examine the effects of this new law.

This topic relates to International Business because in Finland, 5.4% of GDP was spent on education in 2016. This was higher than the world average of 4.7%. Nordic countries are known for its welfare state but with the move to implement tuition fees, this move is not a hallmark of a welfare state. Free education encourages social

mobility and equal opportunities for all. This move could cut down the expenditure of the Finland Government, however, it could also give rise to other implications too.

## **2. Literature Review**

### **2.1 Social Benefits of Education**

Individually, humans have our own aspirations and dreams. Education certificates or qualifications allow us to be easily employed and achieve our goals and status in the society. At the same time this helps us gain financial dependency and be self-reliant. With education, the qualifications and knowledge that we obtain allows us to be heard as our views are more relevant and thus respected.

For many in third world country, it allows them to escape social classes that they were born into or gender biasness in a society. This allow people to reach equality by education as this give them equal footing to those who are born into more successful families. It is often cited that education leads to woman empowerment, especially in lower developing countries such as India and Pakistan (Subburaj, et al, 2014).

As such, education is imperative as it helps to lead a meaningful and well-informed life, giving rise to a higher quality of living standards.

#### **2.1.1 Societal cohesiveness**

Individuals can learn soft skills and increase knowledge, which enhance their lives and contribute to the society, economy and the world. This allows them to participate in cultural and societal occasions. According to the Organization for Economic Cooperation and Development (OECD), highly educated people are more actively involved and participating in activities that improves the structure of the society such as voting, volunteering and political engagement (OECD, 2017). A well education population tends to make more well inform and logical choices and make choices that are beneficial to the current and future of any society.

Hence, Education is a tool to help people display their “social identity”. Education helps by guiding individuals to know more about themselves and inter-personal relationships. A decisive and good social identity is linked to positive individual lifestyle, such as increased well-being, better health, social trust and political engagement (Esrc.ac.uk, 2014).

### **2.1.2 Health**

Not only do educated individuals enjoy a better quality of life overall, their lifespans are much longer. Education is important in improving our lifestyles choices that we make, as we understand what is right or wrong and harmful or beneficial. Educated people are more aware of the consequences of choices made and the knowledge during the decision-making. For example, the number of daily cigarettes users was generally highest among people with non-tertiary education in almost all EU country. (Ec.europa.eu, 2018)

Moreover, people has more fulfilling lives with the accumulation of information and abilities that are learnt. Soft skills, communications, basic interactions are also able to be nurtured in educational settings. It is proven that happier people are generally more healthy and hence leading longer lives. One reason is that education helps to better cope with sudden life situations or societal pressures that affects one's psychology. For example, from 2000 and 2014, Americans older than 24 years old with at least a college degree had lower suicide rate as compared to those with high school diploma. Many suicides were due to interpersonal, relationship problems and substance abuse (Phillips and Hempstead, 2017).

It is also known that the importance of education place in modern society deters people with elementary level of education to build a positive social image, which can impact one's self-esteem and well-being. (Esrc.ac.uk, 2014)

### **2.1.3 Crime**

Statistics from Europe suggests a correlation between high crime rate and low education levels (Hjalmarsson. and Lochner, 2012). Statistics shows that more than 50% of prisoners in the US did not go to college in 1997 (Harlow, 2003). Meanwhile, more than 75 percent of prisoners do not have high school qualifications in Italy in 2001 (Buonanno and Leonida, 2006). Male Swedes born between 1943 and 1955, who had committed crimes, done 0.7 years less education than those who did not commit any crimes. The difference for women was approximately half that of men. (Hjalmarsson, Holmlund and Lindquist, 2011).

There are a few reasons why this is the case. It is argued that education is a human capital investment that promotes future valid career opportunities for teenagers (Hjalmarsson. and Lochner, 2012). This discourages crimes as high human capital increases marginal returns from work as compared to crime. Hence, a highly educated population would reduce most types of crimes among adults. However, certain types of highly sophisticated crimes such as tax evasion or cyberhacking may increase since such crimes requires much technical knowledge and expertise to operate.

Also, education allows people to be moral human beings. It allows them to decipher what is wrong and right and understanding the consequences of any crimes that they are about to make. Educated people will strive to make good decision for the society and themselves.

It is important to note that the above factor do contribute to the economy in an indirect way. It is argued that high crime rate causes instability in a society and hampers domestic and foreign direct investments, which affects the competitiveness of firms. Resources are directed in more policing and patrol efforts which is an inefficient wastage of resources.

#### **2.1.4 Society impact on economy**

Moreover, the general health condition in a workforce do affect the performance of an economy. For example, it is found out that a 10% increase in life expectancy at birth correlates to an advancement in economic growth of roughly 0.3-0.4% annually (Frenk, J, 2004). Poor health can affect the productivity and efficiency in a firm, which will negatively affect its earnings and profits. Firms will have lesser ability to invest profits on increasing productive capacity and reduce the level of research and innovation. On the government front, there are increased costs of healthcare services on avoidable diseases, increased governmental welfare such as disability or unemployment benefits and lesser tax contribution from a smaller working adult population. (WHO, 2009)

## **2.2 Impact on economy**

### **2.2.1 Productive capacity**

Trade as a percentage of GDP in the world has risen from 25% in 1965 to 60% in 2015 (Worldbank, 2015). For example, US, China, Germany, Japan relies on exports of highly skilled goods and services for its economy and many countries are adopting the same approach.

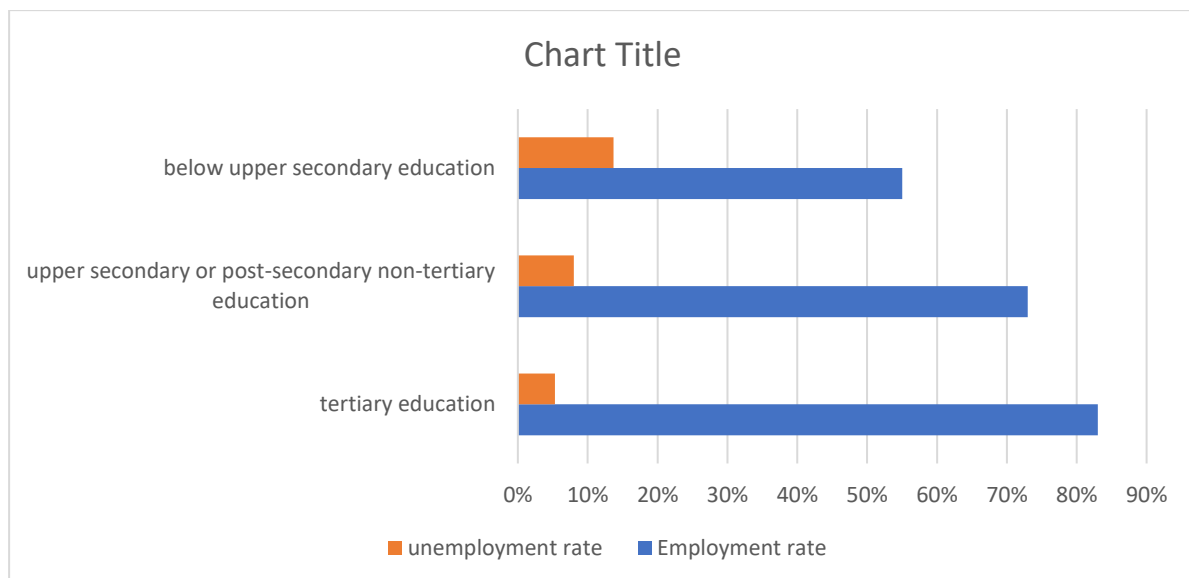
Due to globalization and the increase in volume of international trades, countries need to have the competitive and comparative advantages to succeed. Economies need the best talent and workforce to contribute to the value of goods and services produced. Hence, education level and quality of workers can affect the health of an economy.

Hence, when the proportion of educated workers increases, the productive capacity of an economy increases as workers can carry out tasks that require high skills effectively and employ critical thinking in research and innovation in tertiary sectors. (Radcliffe, 2018)

### **2.2.2 Employment**

Educational level and attainment is often used to measure the level of skills and quality in a workforce. Many developed countries requires a workforce of highly-skilled workers. In recent years, due to globalisation and technological advances, there is a pressing need for relevant skills in order to be competitive and hence workers with relevant or specific skills are in strong demand. (OCED, 2015)

People with higher educational qualifications have the highest employment rate and the risk of them being involved in structural unemployment are the lowest. In Finland, unemployment rates among younger adults with tertiary education is below OECD average of 8% at 6%. The graph below shows the employment and unemployment rate of people in OECD economies with different educational qualifications (OCED, 2015).



Another point to take note is that when labour supply increases and demand is kept constant, more pressure is placed on the wage demanded by workers and the wage rate will be depressed. This can threaten the income of employees who are working in industries which has low barriers of entries. This is especially so in jobs that do not need highly skilled workers. As such, jobs that need highly-skilled workers will be highly paid as there are a smaller labour supply pool in specific areas and the required education and training carries significant costs. Hence, it is often argued that highly educated workforce will reduce income inequality in a society. For example, an improvement in the standard of education will lead to a reduction in low skilled workers getting lower paid jobs. This is provided if the demand for higher skilled workers are increasing in the globalised world. This might increase the social footing of individuals and make them be able to succeed in the future, preventing a vicious cycle of poverty, social and economic inequality.

Statistics from OECD suggests that while people spent approximately USD 50,000 to graduate with tertiary education, it is estimated that man earn USD 350,000 more in their lifetime than men without tertiary education, and women earns USD 250 000 more. (OECD, 2014)

Overall, the table below shoes the main benefits of education which could affect the economy in a private and public manner (Wolfe and Haveman, 1984). The reasons are closely interlinked and on the whole, education has a hand in affecting economy and social conditions in a society.

Factor	Subset of economics	Reason
Increased individual productivity	Macro and Micro	It lowers unit cost of production, encouraging demand and output and hence, higher profit. National output will increase, and higher quality would improve competitiveness and trade balance.
Increased in quality of labour	Macro and micro	Workers are more talented with enhanced capabilities in operating technologies and can adapt easily to technological change. Increase in human capital allows company to be more efficient and have the ability to invest and increase output.  National output will increase, and higher quality would improve competitiveness and trade to global market. This is especially so in a globalised world. (Riley, n.d.)
Increase in wages and income	Macro, micro and social	Allows workers to have greater purchasing power and increase consumption. This is also known as circular flow of income, whereby this rise in consumption will encourage investment, government spending or exports. This improves the circular flow of income leading to a multiplied expansion in output. Short-Run Aggregate Supply and Demand will improve.  It also reduces poverty and hardship. This will prevent the continuity of low social mobility (Rehorn, 2014). Previously, low-income families are unable to obtain necessary attention and resources. Using education to escape the poverty cycle will build a better life for its future generations.
Improve health	Macro and social	As mentioned above, a healthy workforce helps in reducing healthcare cost to the economy and improved productivity. Healthcare costs are an opportunity cost and increase tax burden on the society.



		<p>Poverty will directly affect infant malnourishment and mortality, seriously affecting life expectancy. Children development will be badly affected and can bring hardships in the future (Frenk, 2004).</p>
Reduces crime	Social, macro	<p>Crime can create primary and secondary impact which leads to an overall negative economic impact.</p> <p>Primary cost would be the financial effects on victims such as individuals, households, companies and society. There would be material and immaterial costs for victims and crime authorities will need to spend much money on the prevention of crime, crime detection and bringing the criminals to justice.</p> <p>Secondary cost would be the negative impacts to business, tourism and property values. The community are less cohesive and involved, affecting its social fabric. There would be unintended criminal reputations of people living in that communities and might lead to stigmas and judgement.</p> <p>Overall, it affects economic growth, income, labour force participation and inefficient reallocation of resources (Securipedia.eu, n.d.).</p>
Family productivity and well-being	Social, macro	<p>Children who are affected by poverty displays the worst cognitive development, whereas children from higher socio-economic backgrounds have positive cognitive growth. Poor children do not have the ability and chance to participate in events in a social setting, which can affect their self-esteem and friendships. This group of children are unable to make good use of chances in</p>

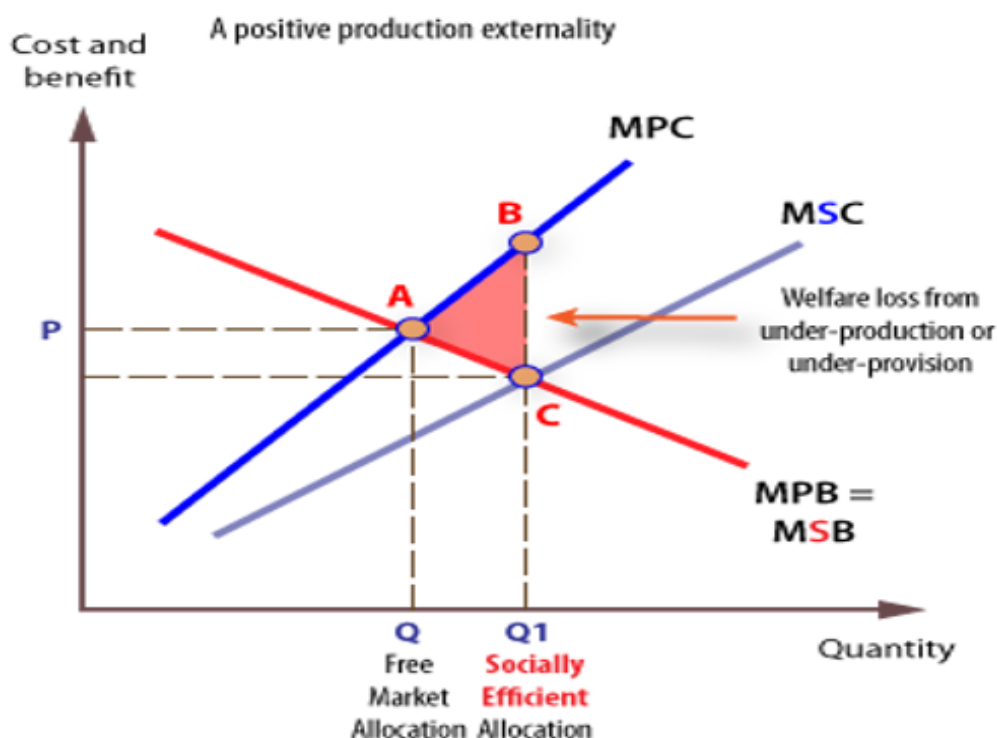
		<p>school, which can ultimately harm their future career opportunities (Rehorn, 2014).</p> <p>Those with high education qualifications are linked with a plethora of good traits such as improved health and mental wellbeing, greater social trust, increased political interest and reduced xenophobic attitude. (Esrc.ac.uk, 2014)</p>
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## **2.3 Education: Economic Aspects**

### **2.3.1 Positive externality**

In an economic sense, education is a merit good since it generates many forms of positive externalities. Positive externality is a form of benefit enjoyed by third-party due to an economic transaction. In this paper, third-party are mainly the society, individuals, government and education institutions. Positive externalities occur when the benefits of higher education are generated by the HEIs in Finland in a social and economical way. However, since there is no market for positive externalities, HEIs in Finland will not be compensated for producing such extra benefits. As such, the market price of education provided by HEIs in Finland will not reflect its actual worth and an underproduction will happen (Hall, 2006).

The diagram below shows the graph for production of positive externalities. For example, positive externalities in building a new school means that there would be a third-party that benefits as a result. However, third parties are unwilling to be charged, so the only incentive is to supply to those who are willing to be charged.



(Obtained from: Economicsonline.co.uk, n.d.)

### **2.3.2 Public Goods, Free Rider Problem and Market Failure**

A public good are goods anyone can consume without reducing its availability to another individual and everyone is included. They are nonrivalrous and nonexcludable. Nonrivalry means that a good that one consumes will not reduce in availability or quality when more people consume it. Non-excludability means that everyone is entitled to use the goods. Hence, public goods must be readily available and not be limited in numbers. A dam is an example of a public good. No one is excluded from the use of the dam and people who do not pay tax are still able to enjoy the use of the dam. Public goods will usually not be provided in the market because nobody can make profit from producing it.

Education in Finland can be considered a quasi-public good displaying characteristic of semi rivalrous and excludability. For example, students are allowed to join any HEIs or secondary school free of charge. This is non-excludability. However, the grades determine the place for a student in a certain school. This means that there are forms of excludability. Likewise, for HEIs, it can be argued to be rivalrous in nature as a place in a university will exclude someone that is interested in that

course. However, if all primary education are similar, then it would be a form of public good as it is compulsory for all kids to attend primary schools.

Before 2017, a problem of free rider arises in Finnish HEIs since it is the role of the government to encourage free-riders to consume goods which generate external benefits. In this paper, foreign students studying in Finland Higher Educations who benefits from the free education are known as free-riders.

Market Failure occurs because public goods are non-excludable, it is challenging to charge people for benefiting once a product is available. In this case, free rider problem will lead to market failure due to an under-provision of education.

In higher education, there exists the situation of market failure. The government can solve this by finding the solution that maximizes social welfare and implementing it (Hall, 2006). However, many government are unable to estimate the exact solution that maximizes social welfare. Most solutions have a high chance of failing and also lead to high implementation costs that exceed the benefits (Poterba, 1996). For HE, the costs of government intervention might exceed the benefits.

### **2.3.3 Government intervention in education**

Government can provide subsidies or loans since students do not have little financial powers to borrow money for education from private banks without any collateral. Without any subsidies, students with future economic productivity may decide not to study in HE since they have difficulties funding their education. In economic sense, it represents underinvestment in education relative to the social optimum.

The government does not have the relevant information to accurately define the proper and feasible solution that maximise social welfare. For example, it is hard to predict the number of application of international students annually or even estimate the amount of social desirability each international student produces. In the context of education, if the government did not intervene sufficiently, it would be below the socially optimal level. However, if the government intervene too much, such as providing too much subsidies, it might cause deadweight loss to the society (Hall, 2006).

It is very difficult for government to accurately predict the social benefits of education since there are many factors involved. For example, it is hard to estimate the amount of benefits each foreign students brings for Finland. Will they be contributing to Finland economy in the future? Are they in Finland for its free education?

Next, government intervention into the education marketplace creates more deadweight loss, is due to the fact that solutions created by the government are based by political pressure instead of social welfare (Young and Block, 1999). For example, a reason why Finland removed tuition fees for non-EU students because of political pressure from locals.

Lastly, governments are unable to provide a more efficient solution since there is an opportunity cost for any solutions identified. Allocating extra funds to education means that it will be channelled from other purposes, such as healthcare or defense. Solutions that maximise social welfare does not necessary means that the benefits will exceed the costs. For example, the extra tax needed to fund a subsidy for education could create excess burden to low-income groups. It is further argued that the deadweight costs of taxation are huge (Vedder and Gallaway, 1999) such that the market failure needs to be huge so that the government solution are more efficient than private solutions.

## **2.4 Benefits of Higher Education**

### **2.4.1 Improve enrolment rates**

Many governments around the world are offering free education for higher education. Many educators argue for the need for free education, citing its spill over benefits.

Free higher education has been mooted in USA. For example, students can barely afford the tuition fees in University of California, they either drop out or go to community colleges. The tuition fees for students is at least USD 26,000 (Berkeley.edu. 2017). Meanwhile, minimum wage is USD 10.50. It means that It takes 2500 hours a year for working students just to pay up a student debt before interest fees.

Free education also allows poor people to have the opportunity to further their studies. Tuition fees in most HE can only be paid by young people who are more financially well off (Winter and Pfitzner). However, if government withdraws subsidies for higher education, this might cause institutions to cut their enrolments and raise their fees, and this might reduce the number of students graduating. (HuffPost, 2012)

#### **2.4.2 Reduce the level debt of students**

The next point is that having school fees will increase the debt level of students. The US Federal Reserve states that there are more than 17 million US student loan borrowers below 30 years old holding a total of \$376.3 billion in debt. Each borrower in their 20s has an average of \$351 in debt while the median is \$203 (US Federal System Board, 2017). It is calculated that Americans in their 20s who took up student loans each have an average debt of approximately \$22,135. Hence, having free education would reduce the loan burden of students, since they have to pay for miscellaneous items such as accommodations and textbooks.

In United Kingdom, it is estimated that the total amount of incurring student debt will increase to more than £330 billion by 2044. The number of graduates who default on their student loans is increasing until that there would be no financial reward to the government with the increased in debt write-off. It is estimated that write-off costs for student loans is almost 45% of £10 billion in student loans annually (Nus.org.uk, 2017).

#### **2.4.3 Increased talent and productivity**

Making university free can attract international students. This might help to attract students that has the talent to study in the host country. By doing so, this helps in two ways.

The first way is that it boost spending and consumption in the host country, which could help bring forth the economy in areas such as tourism and normal goods.

The second way is that it could potentially allow students to work in the host country, thereby contributing to its economy. International students might migrate to the host country and improved the productive capacity of the economy, paying taxes and having the expertise that the host country might be lacking.

## **2.5 Cost of providing free Higher Education**

### **2.5.1 Opportunity costs**

The provision of HE can be a large sum of money. It is also an opportunity cost for the government. For example, Nordic countries has one of the highest expenditure in education in Europe, at 6.5% while EU average is at 4.9% in 2015. (Eurostats, 2017). For example, the government of Denmark spent €3368 and Sweden €2977 per person on education. Education forms one of the largest spending in almost all EU countries, only second to healthcare.

### **2.5.2 Promote inequality**

This might be inefficient as tax payers in the host country are paying indirectly for free education and this might increase the tax burden of individuals. Especially so for lower-income individuals who pay a higher proportion of tax from income as compared to rich people. It is argued that many taxpayers (third parties) do not get to experience directly the positive externalities of education.

Free education would generally benefit students whose families earn the most since it is affordable. It is suggested that lowering fees via subsidies to the less-well off would mitigate inequality since it is more equitable and proportion based. (Hill, 2015)

### **2.5.3 Reducing Competitiveness**

Free education reduces competitiveness in students and amongst schools. Students might feel that since education is free, they might not put in their best effort since they have nothing to lose. They might switch school or drop classes easily. This

might be allocative inefficiency as resources are not well utilised and tax payers money are wasted. There is also a possibility that graduates might not find work after their studies. This will give rise to wasted resources, as it could have gone to individuals who are willing to work and contribute to the economy in the future. For example. For example, in USA, where federal grant provides almost free education to all low income students in community college, only one third from the bottom income quartile finished a degree or certificate in 6 years. (Kelly, 2016)

Schools might also be less competitive as there is no incentive to attract the top talent to the school. With less revenue, schools might not have the resources to undergo innovation or improve the teaching processes which would help students' learning. Schools might increase class size, increase workload of teachers or even reduce employment which could bring about more disadvantages than advantages.

## **2.6 Export and Internalisation of HE**

Due to globalisation and the ever importance of education, HE around the world is progressively affected by the cross-border consumption of HE in many ways. As discussed, in the growing international service and knowledge economy, education is traditionally considered as public good, but with implementation of tuition fees, higher education has become more of a goods and services rather than a public good. For example, exchange programmes such as Erasmus and the abundance in availability of scholarships for foreign study, financed by either country, institutions, individuals or even firms. The export of HE is a win-win situation. Individuals can reap the benefits of studying in a different country while countries can profit from tuition fees or potential benefits created by foreign students. Institutions can enhance their quality of education and attract more talented students (Bashir, 2007). Currently, HE can be deemed as a potential service export just like other traditional services.

In this paper, I will be discussing internationalization at home also known as campus-based internationalization. This includes exchange of students and staff, curriculum enrichment, teaching in a more popular medium such as English, or foreign students studying on campus (Altbach & Knight, 2007; Kemppainen, 2016). I will be focusing on the last 3 aspects.



### **2.6.1 Global Trend**

From the 1960s, export in higher education institutions was rather passive. This is because at that time, higher education systems around the world was not so developed and many could only afford to attend technical schools (Chan, 2004).

In the 1980s, tuition fees for international students were launched in the United Kingdom to encourage HEIs to obtain more funding with less help from the government (Cai and Kivistö, 2011). Meanwhile, in Australia and New Zealand, education for foreigners were borne by taxpayers and state funds, however, in the late 1980s, it started introducing school fees to fund the total costs of education.

By the 2000s, education has evolved into a multimillion sector. In 2004, global higher educational sector was estimated to be worth \$60 billion in export revenues. In Australia, education was the largest service export in 2014–2015 at AUS\$19 billion (Kemppainen, 2016).

In 1995, General Agreement on Trade in Services (GATS) was introduced by The World Trade Organization (WTO), GATS was the first legal trade agreement to focus on trade in services and education was listed as one of the 12 service sectors. In fact, education is under Mode 2 of the GATS article. It is a form of trade in services and this involves movement of specific stakeholders such as student and staff to HEIs abroad in this case. The purpose of GATS is to promote free trade. Within the agreement, member countries agree on specific commitments on access to local markets to foreign providers. Higher education is one of the five education categories that GATS applies. (World Trade Organisation, n.d)

### **2.6.2 Reasons for HE Internationalization**

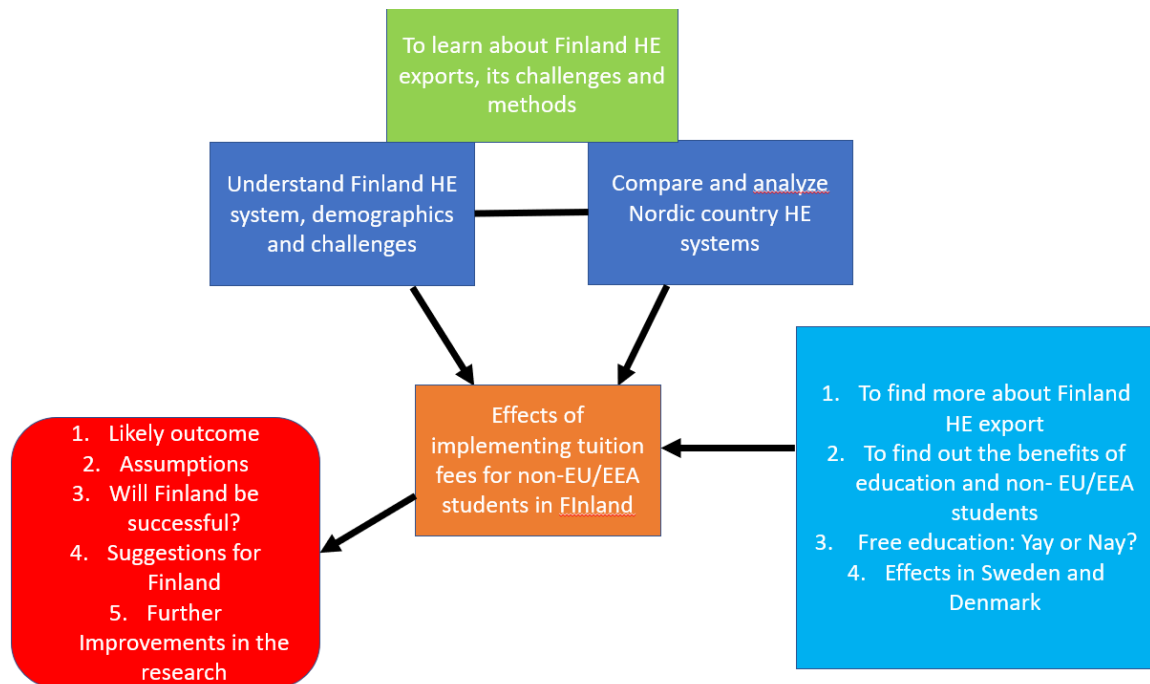
There are many reasons why countries choose to internationalise its higher education. Many writers have proposed many reasons; meanwhile, countries do it at different time period for different reason. The table below summarises the reasons.

<u>To improve education experiences</u>	Many individuals' search for knowledge and experiences which cannot be obtained from learning in their home country (Altbach & Knight, 2007). For many years, students and staff have visited campuses and institutions to gain deeper knowledge and understanding on specific issues and experience the difference in academic, culture and environment. In many cases, revenue from tuition fees could be used to enhance the standard of education or the facilities of the HEIs. It is a win-win situation for HEIs and students.
<u>Demand &amp; Supply</u>	Another reason is that pure market forces such as the imbalances in domestic demand and supply have allow students to seek overseas studies (Chadee & Naidoo, 2009). For example, students who are unable to study a certain prestigious course which they could not enter in their home country due to grades could do so abroad due to a lower standard of requirements.
<u>Economic</u>	<p>Ever since the financial and Eurozone crisis, many state-funded universities face cuts from public funding with the tightening of government budget, they are faced with a need of finding new sources of revenue. Meanwhile, the demand for higher education is increasing globally (Knight, 2002). Thus, there is an economic opportunity when there is high demand for higher education to create profits. Internationalization, has been pointed out as a key reason for growth in the globalized learning economy (Kemppainen, 2016). Profit driven strategy are key for both in for-profit sector, and in non-profit universities facing budget constraints (Altbach &amp; Knight, 2007).</p> <p>Kälvemark and Van der Wende stated that internationalisation was due to economic reasons in Europe but there is a need to identify short-term goals such as increase in funding for HEIs and</p>

	long-term goals such as globalised and internationally trained labour force (Kälvemark and Van der Wende 1997).
<u>Multi causation</u>	Knight, Wit also founds out that internationalisation was due to four reasons: academic, social/cultural, political and economic rationales. They are key to understand the purpose of internationalisation in HE. Different rationales are based on the purpose of internationalisation in specific countries (Knight.J, Wit. H, 1997).
Reputation	With the promotion of free trade around the world, international HE is gradually deemed as a commodity and private good, rather than a public resource (Altbach & Knight, 2007). Increase in marketing and emphasis on HE has led to competition for funds, students and even quality students, hence universities aim to gain prestige through appealing branding (Mainardes et al, 2010, Chan, 2004). Establishing international profile has become a priority over reaching international standard of excellence in the search of world-class recognition (Knight, 2013). Rankings and quality affect the decisions stakeholders make and ultimately the amount of money that higher education institutions can gain. As universities gain prestige and improve rankings, they improve on education quality and become appealing to more students, researchers and staff.

Therefore, it was important for Finland government to formulate a national strategy for the internationalization of HE, such as highlighting the growth in the mobility of international students, teachers and researcher and enhancing educational standards. This will be explained in a later chapter.

## 2.7 Conceptual Framework



The following diagram is the conceptual framework in mind. It helps incorporate and analyse case studies, discussions before reaching to a conclusion and finding assumptions and recommendations. The inputs are the case studies of Nordic countries, internationalisation efforts in Finland, benefits of education and non-EU/EEA students. The output would be the conclusion, summary, recommendation for Finland and lessons learnt from case studies.

Since the implementation of school fees but Finland is on its 1<sup>st</sup> year, one of the question that this paper would find out would be whether the move will be effective in the future and what improvement can be done by the Finnish government in lieu of the effects of school fees on other Nordic countries.

### **3. Finland Higher Education System and tuition fees**

The Ministry of Education in Finland aims to provide all citizens equal and similar chances to obtain education. The Finnish system allows students to progress to advance such that there are no restrictions to students' progress in education. Education to its citizen is viewed as a simple form of human rights, which makes it different from other education system such as UK and the US.

For a normal Finn who has studied in Finland for their entire life, the learning process is preferred over examinations. The only national examinations are when students are progressing to Higher Education. Teachers are responsible for grading through activities and the progression of a student based on the curriculum. (Oph.fi, 2018)

#### **3.0.1 Praise and Accolade**

Finland consistently ranks among the top performing countries on the Program for International Student Assessment (PISA) tests for Science, Mathematics and Reading. For example, in 2006, Finland was the top amongst 57 countries in science. In 2008, the nation came in 2nd in science, 3rd in reading and 6th in math when ranked with almost 500,000 students around the world (Hancock, 2018). The Finnish Education system model has been looked upon by many educators and ministers worldwide. It is a success story of education system that many countries envy.

#### **3.0.2 Finnish Higher Education**

There are two categories of HEIs: universities promoting research and academic education, and universities of applied sciences (UAS), which offers professional higher education teaching skills that help prepare students for working life. (Studyinfinland.fi, 2017)

HEIs enjoy full freedom, with emphasis on education and research. Researchers and teachers go through stringent criteria for the qualification to teach but they are given the leeway to structure the curriculum. HEIs have the final say on decision making, student admission standards and the design of the contents of the curriculum.

Initially, there are no study fees at any level of education. However, for non-EU/EEA students in HE, tuition fees have been introduced since 2017. Only study grants and loans are awarded to fee-paying students.

However, despite all the accolades and praises given to Finnish education system globally, it's HE export is still far from maturity state (Schatz, 2015 cited by Kemppainen, 2016). For example, while Finnish research performance in the doctorate level is decent, the Academy of Finland states in its research report that that the distance between Finland and top countries is widening (Nuutinen and Lehvo, 2014, cited by European Parliament, 2015). It is because Finnish universities have not market itself prominently and hence this makes them less competitive internationally; many researchers would conduct research in more viable and popular acountries (European Parliament, 2015).

### **3.1 Internationalisation of Finland Higher Education**

Finland is looking to find niche in new economic areas as traditional manufacturing industries are losing their competitiveness in a global economy. Knowledge-intensive services such as the export of HE is touted as new growth areas. It is important to understand the dynamics related to foreign market entry of higher education for Finland. Many people claim that internationalisation is all about attracting more international students, such as launching courses taught in English and employing more international staff but below the surface, there is more to it with regards to Finland.

The *Strategy for the Internationalisation of HEIs 2009-2015* was written in consultation with HEIs, but as the title of the report suggests, the guidelines were written in a top-down approach. The report suggested a total of 33 measures, which are categorised into 5 different themes, however, this paper will only select a few important themes to dwell on:

1. Cohesive international HE community
2. Enhancing education standard and attractiveness
3. Export of education knowledge management and skills

#### 4. Supporting a multicultural society

#### 5. Global responsibility

According to the report led by experts in the sector of international HE fraternity, it is crucial for HEIs to adapt swiftly to changing dynamics globally and utilise any opportunities that arises. This 6-year outline define the aims and methods of internationalization for HEIs to be achieved in the years ahead (Chand, S. 2014).

At the beginning of 2010, the reform of the Universities Act was implemented. One of the measure was to separate HEIs into two different independent legal entities, independent corporations govern by public law, or foundations under private law. This separated HEIs from the state and could operate with autonomy. Staff are employed under the institutions as compared to civil servants previously and the universities own the building facilities (European Parliament, 2015). This increases the responsibilities and opportunities to finance its operations from business ventures, donations, bequeath, and the return on capital has become more crucial (Kemppainen, 2016). The level of public funding is allocated based on the level of impact, quality of education and current stage of internationalization.

Meanwhile, there is a greater emphasis on increased internationalization in education and research, together with removing barriers for education export, in which they are listed as goals of the current Government Program (Valtioneuvoston kanslia, 2015 cited by Kemppainen, 2016). Growth expectations for HEIs are getting higher (Valtioneuvoston kanslia, 2015 cited by Kemppainen, 2016) but are facing increasing cuts from the public funding. Since the majority of funding for public universities are from public money, cuts in funding lead to big changes in universities' operations. For example, Aalto University, University of Helsinki, and Lappeenranta Technological University have faced big lay-offs due to significant cuts from the state funding (Yle, 2015, cited by Kemppainen, 2016). University of Helsinki and Aalto University together have ended up slashing a total of 1300 positions (Yle, 2016).

Therefore, the tightening of funding encourages HEIs to tap into the potential of HE exports (Saarinen, 2015 cited by Kemppainen, 2016) and finding new ways for to create revenues to stay vital and maintain core operations. In fact, many HEIs have

foreign staff recruitments, master's and PhD degrees for foreign nationals, student mobility, and global research funding. This constitute 9 percentage points of core funding (Ministry of Education and Culture, 2015, cited by Kemppainen, 2016). Thus, exploring the potential of internationalisation in universities is important for increasing public funding.

The other point about internationalisation for HEIs in Finland is not only for growth and revenue seeking purposes. For example, the Strategy of Aalto University (Aalto University, 2012) states international visibility and expanding export of university education as main areas of development. International visibility of universities allows for the increase in potential and quality of HE export. Global competition in HE is increasingly relied on by students through university rankings to gauge the prestige of the HEIs. Reputation and quality are one of the most important condition that attract students to study in HEIs and this enables HEIs to remain competitive and appealing in the future (Kemppainen, 2016).

### **3.2. Finland Tuition Fee Trial**

Over the last 10–15 years, HEIs around the world are becoming more global, causing a rise in student mobility and the intense competition to appeal to the most talented students. An OECD study states that 3.7 million students are currently studying in HE away from their home country with almost 50% choosing Europe as a destination (Norden.diva-portal.org. (2013)).

In Finland, it is approximated that the total cost of education for foreigners in HEIs around 12 million euros per annum. Before the tuition fees implementation, 20,000 foreign students are enrolled annually. (Ec.europa.eu, 2017)

As a precursor to the intended introduction of tuition fees for non-EU/EEA students, a tuition fee trial was started from 2010- 2014.

In that trial, HEIs could decide on the amount of tuition fee charged to non-EU/EEA students. The amount was flexible and scholarships were offered to students who had to pay school fees. There were a few purposes of this implementation.

1. Gather more knowledge on the impacts from this trial



2. The process of internationalization on the school
3. the enrolment ability of Finnish HEIs,
4. International student mobility,
5. Quality of education that are taught in English

### **3.2.1 Results of trial**

The Finnish Ministry of Education and Culture formed a taskforce to interpret the trial results at the end of this trial. The taskforce carried out surveys to universities and students along with workshops and discussions with relevant stakeholders.

	Universities			Universities of Applied Sciences			In Total		
The number of higher education institutions enrolled in the trial	9			12			21		
Year	2011	2012	2013	2011	2012	2013	2011	2012	2013
The number of degree programs enrolled in the trial	125	131	131	21	23	23	146	154	154
The number of degrees collecting fees	19	32	32	8	10	11	27	42	43

Figure 5.1 shows the statistics of the number of participating institutions, degree programs participating in the trial. (The Ministry of Education and Culture, 2014, cited by Mansikkamäki and Kuronen, 2017)

Using the number of international student estimated from previous years, a revenue was estimated to be collected during the trial period. 154 degree programs were chosen to conduct this trial, however, not all of them collected money. The number of degree programs collecting fees changes yearly. Altogether, 355 non-EU/EEA students enrolled during the trial period with most of them from China, Pakistan, Russia, and Iran (West, 2013). Almost all the students paying tuition fees received some financial assistance in the form of grants, through institutions or from the Erasmus program, which cover a part or total tuition fees. HEIs award grants based on students' academic achievement as a condition. For example, Aalto University charges tuition fees in nine programs offered in English. They offer three categories of scholarships: students who did not have to pay fees and given €8,000 in living

expenses; free tuition only and the rest need to pay half of the tuition fees (€4,000) (West, 2013).

There are mixed reactions to this trial but the main conclusion to this trial is that it failed to meet its expectations and targets. Professor Riitta Pyykkö, the chairperson of the task force, states that because of the voluntary nature and short timeframe of the trial, only a small sample size of students and universities participated. This led to insufficient knowledge garnered during this trial (did not fulfil the first purpose as stated earlier) (Teivainen, 2014). The results gathered could not estimate the overall impact of the current tuition fees implementation. Although the tuition trial has given HEI staff insights and preparation for current implementation, it is hard to gauge the impacts in 2017.

### **3.3 Withdrawal of free Higher Education for non-EU/EEA students**

In Finland, discussions about implementing tuition fees for HEIs started in 2005 when the Minister of Education created a taskforce. It was suggested to impose tuition fees from non-EU/EEA students of between 3,500 EUR to 12,000 EUR. However, it did not receive any support from most members of parliament. (Mansikkamäki and Kuronen, 2017)

The proposal to remove free education for non-EU/EEA students was started by the coalition government in Finland. The new legislation started on 1 January 2016 but fees are compulsory after 1 August 2017. The Finnish Parliament decided on 15th December 2015 to impose this proposal. It was passed by a vote of 137-46.

Under the new rule, Finland's higher education have the authority in setting fees to support institutions internationalisation strategy. The government also set a guideline of charging a minimum fee of €1,500 annually for non-EU students studying bachelor or master's degrees, with an exception of degree mediums in Finnish or Swedish. However, universities will set up a financial aid system offering scholarships to help students pay a portion of their fees (Yle Uutiset, 2015).

It is hoped that HEIs could create opportunities for promoting education out of Finland and expand their funding base. Charging of tuition fees could help to fund the improvement on educational quality and make HE in Finland more competitive

(Watson, 2016). Another point is that HEIs can increase the range of English medium international degrees, the marketing of HEIs abroad, improve the standards and guidelines for the selection process of international students and enhance international student guidance services for new international students. (Kivistö 2009)

### **3.3.1 Arguments in Finland**

In 2005, Finland's Ministry of Education and Culture explored the effects on HE on the individual or society and asked if students should bear the costs of the education? (Mansikkamäki and Kuronen, 2017)

Although many politicians are supportive of this change, there are many groups that are against this move. The direct impact would be a sharp decline in non EU/EEA students' enrolment. Groups against tuition fees are mainly student organisations or unions representing HEIs. These groups fear that this might be a preceding move to implement school fees for locals (Sen, R., 2017). The table below shows the summary of the arguments for and against tuition fees.

Support	Against
Previously, Finns who paid tax are "paying" for the education of foreign students who might not contribute much to the future of Finland. This might affect the social fabric and equity. This point was mentioned by many Finns, who felt that it was more equitable.	More opportunity for foreigners to come to Finland. It is argued that this creates benefits to Finland's economy by consumption and contributing to the workforce. Also, more foreigners would mean that there would be a melting pot of culture in Finland.
According to OECD, Finland's HEIs are one of the most publicly funded globally. In 2014, public expenditure on tertiary education takes up 1.8% of Finland's GDP, with the EU22 average being 1.4% and OECD average at 1.6%. Only	Charging tuition fees goes against the efforts in attracting students from non-EU/EEA areas. Many student organisations claim that the model of internationalization in Finland had been drawing foreign students to Finland with

<p>Estonia was higher at 1.9%. Moreover, 1.7% of the expenditure was from public sources. This shows that Finnish HEIs are mostly funded by taxpayers. (OECD, 2017)</p>	<p>free education (Mansikkamäki and Kuronen, 2017).</p>
<p>New source of income for institutions; encourages institutions to be more competitive and improve teaching standards. Local students will also benefit more. This was the reason stated by many politicians, who feel that higher education can be improved.</p> <p>With the Ministry of Education encouraging HEIs to adopt internationalization, this measure would allow HEIs to obtain more resources needed. (Cai, Y. and Kivistö, J., 2011).</p>	<p>This move might reduce intake and quality of non-EU/EEA students. Many claims that this will affect equality between students, since students that have the financial ability can be easily enrolled, instead of selecting the most talented and motivated students. This reduces student population diversity.</p> <p>It is also feared that this might be implemented to local Finnish students, as stated by many student unions in HEIs</p>
<p>Many supporters of this move see it as a method for the successful implementation of measures needed for internationalization of HEIs and that it will benefit Finland in the long run. Many internationalisation measures stated above needs much funding for it to succeed (Mansikkamäki and Kuronen, 2017).</p>	<p>When education is charged, foreign students might have greater assumption of good education quality and services. When comparing to more established HEIs in Europe such as UK or France, Finland HEIs have not reached the education quality expected.</p> <p>The lack of quality of HEIs are caused by inadequate facilities, the small talent pool of foreign researchers, teachers and students. Implementing tuition fees leads to a drop in student intake. This affects the experience of a genuine</p>

	international HE environment. (Mansikkamäki and Kuronen, 2017)
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### **3.4 Impacts of International Students in Finland**

As mentioned earlier, it is extremely challenging to gauge the total cost of education for its international student as there are varying ways and different sample groups to consider.

To have a rough estimate of the cost of HE, one way is to divide the cost provided by HEIs by the number of students (according to: CIMO, 2015). For Finland, it is estimated in 2014 that the cost of education for an international students are as follows:

Average cost of education/ Student	
Institutions	Cost in euros
University	7,000
University of Applied Science (UAS)	8,000
University (Masters programme)	13,000
UAS (Masters programme)	26,000

	Cheapest costs	Highest costs
University	Social sciences and humanities	Arts
UAS	Business and administration	Culture and natural resources and environment

(CIMO, 2015)

However, according to the author, the Finnish National Agency for Education, or CIMO in Finnish, there are drawbacks to the following method:

1. This method does not consider that education for international students might be more costly than local students in the same faculty, due to extra student services involved.
2. Assumption that the fixed costs of universities are fixed and does not change with a change in number of students. Cost might reduce when a larger student population is taken into account.

This method of calculation could give high margin of error which means that the results are inaccurate. It could only differentiate the costs between each degree.

### **3.4.1 Direct contribution to Economy**

The economy in Finland benefits from international students in 2 ways. This paper shall examine the spending behaviour and employment of international students during their studies. A student survey done in 2014 shows that international students spent around 840 euros/month or about 10,000 euro/annum. Some of the students bring money from funding abroad and spend it in Finland. Hence, it will be a money inflow and inside Finland circular flow of income and Gross National Product (Garam et al, 2014).

There were 36% of respondents who had jobs that contribute to personal spending. On average, salary was 270 euros/month or 3,300 euros/year. It is not known if the source of wages could be taxable in Finland. Other important sources of funding were from next-of-kin.

Based on the statistics, there would be tax income for Finland. One form of tax is known as the value added tax (VAT) and the rates are 14% for basic necessities, 10% for studying and health services, and 24% for other goods and services. According to the survey, students contribute 1,000 euros through VAT per annum on average. Furthermore, students who have a part-time job will pay 11% of income tax, which is estimated to be 740 euros per year (Garam et al, 2014).

However, a third of the students also received grants worth 170 euros/month, 2,000 euros/annum. The survey did not mention the source of these grants but if it is from Finland, it is a cost for Finland. Hence, the cost of provision of education would be a consumption cost while taxes paid by students are inflows to Finland economy.

However, it is hard to understand the exact cost and benefits. Are the students working illegally/online? Do they receive student subsidies from school meals? There are many unanswered questions and small details that the survey failed to pick up on. Also, different calculation methods give rise to varying estimates for the exact cost of provision of education without considering the difference in cost between courses.

On average per international student, euros/year	
Cost of provision of education*	- 7 400
Public sector benefits to student	- 2 000
Salary paid to student	- 3 300
Student spending	+ 10 100
VAT on student spending **	+ 1 000
Income tax paid by student	+ 740

The table above shows the average benefits and costs in the attached table. The fixed cost of education is ignored in this data. Obtained from CIMO, 2015b.

During Studies		After studies	
Costs	Benefits	Costs	Benefits
Provision of education	Consumption leads to increase in indirect tax	Use of social benefits	Enhances value and quality to economy with skills and contributions
Scholarships/grants to students	Direct tax contribution from working	Use of public services	Direct tax contribution from working
	Tuition fees (if any)		

The table above shows the general costs and benefits for international students. Obtained from: CIMO, 2015b

### **3.4.2 Other benefits**

Foreign students might be able to settle down in Finland after graduation. Many of these students are willing and able to learn the Finnish language. Most HEIs provide education for Finnish for foreign students.

Foreign students at HEIs come together to build a melting pot of vibrant culture. This give rise to an active community accepting different cultures and ideas, which lead to potential business opportunities from abroad brought into Finland. (Vanhanen, et al, 2015)

The table below shows the possible costs and benefits of international students. Due to length constraint, these minor details will not be explained fully.

Resource costs of HE	<ul style="list-style-type: none"><li>• Direct cost of education</li><li>• Provision of international support services</li><li>• Additional and specialised support and services especially for international students, such as international recruitment efforts and paperwork.</li></ul>
Other national cost	<ul style="list-style-type: none"><li>• Subsidized student accommodation, health benefits and food catering</li><li>• Other financial support such as grants.</li></ul>
Direct economic benefits	<ul style="list-style-type: none"><li>• income from tuition, semester and registration fees</li><li>• Research contribution from students</li><li>• Tax from employment</li><li>• VAT</li></ul>
Positive or negative Externalities	<ul style="list-style-type: none"><li>• Marginalisation of non-Finnish students in HE</li><li>• Reduced/ enhanced cultural interaction</li><li>• Undesirable/desirable traits and vice brought into Finland</li></ul>

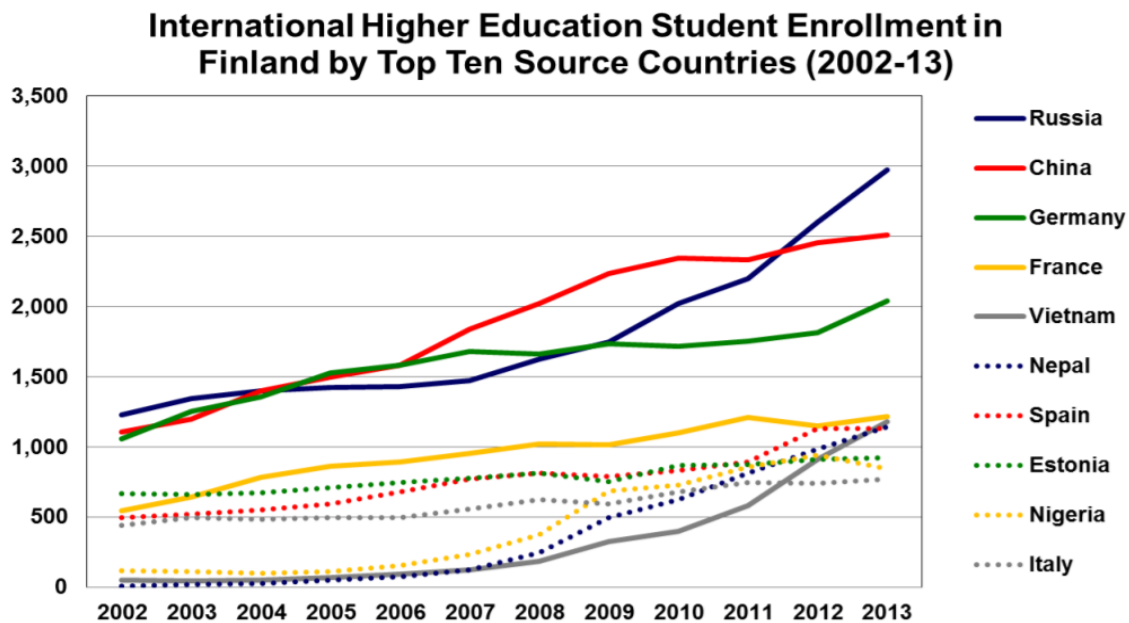
(Obtained from CIMO, 2015b)



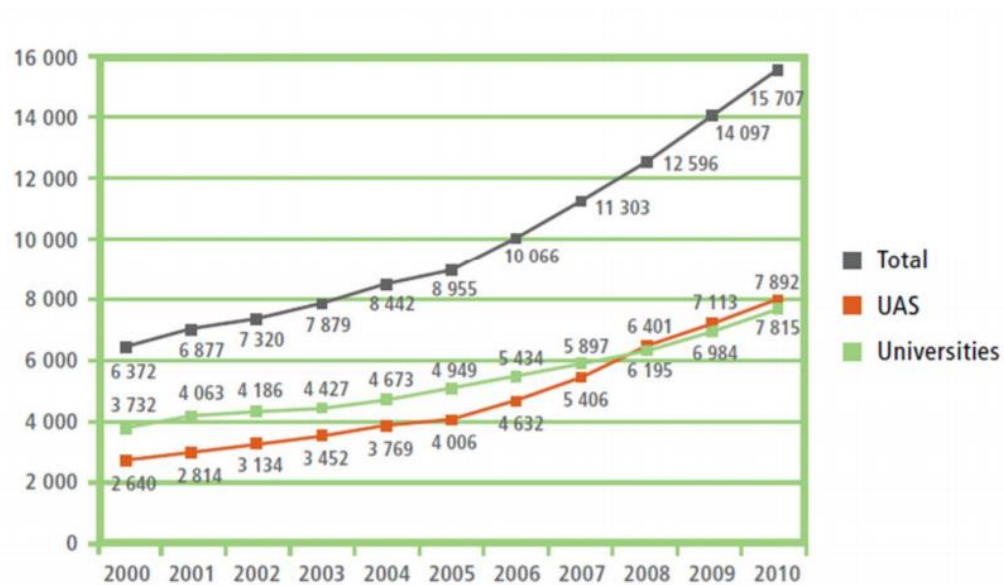
## **3.5 Finland Enrolment Situation**

### **3.5.1 Initial situation**

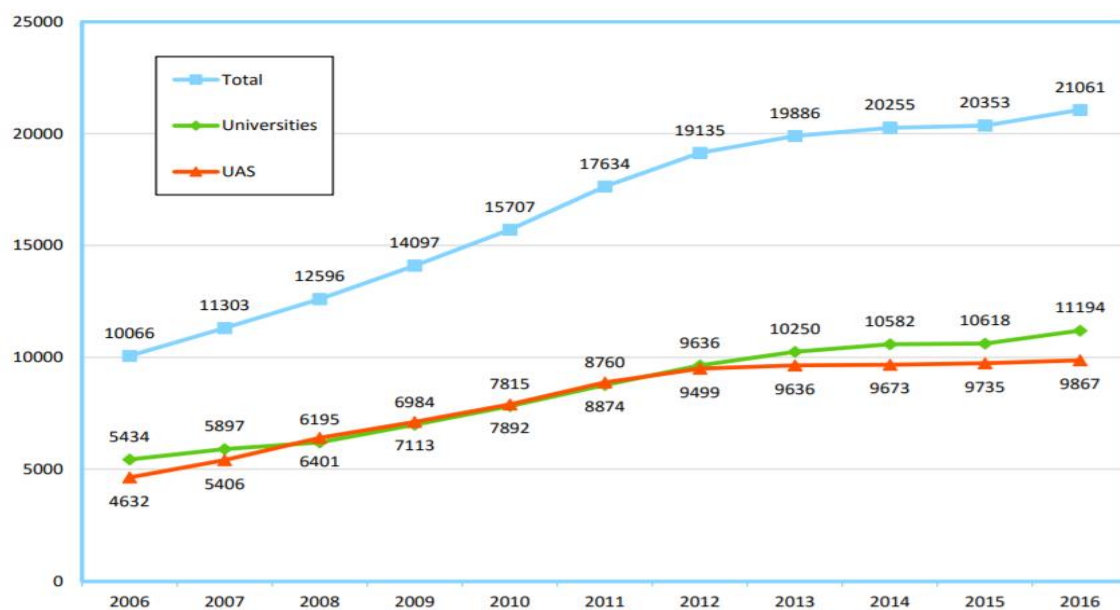
There are marginally more than 20,000 foreign degree students studying at Finnish HEIs in 2014 (The Ministry of Education and Culture, 2013 cited by Mansikkamäki and Kuronen, 2016). Initially, the Ministry of Education and Culture, estimated that the figure would be between 10,000 and 15,000 in 2010. However, the actual number was underestimated, at 10,066 in 2006 and 20,353 in 2015.



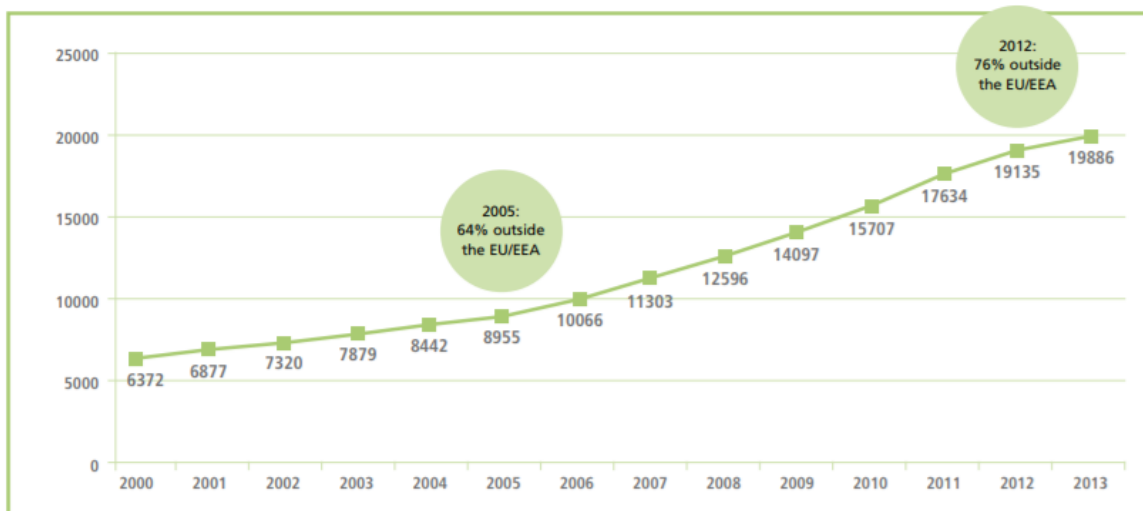
According to this graph from CIMO, it states that the top countries of non-local degree students at Finnish HEIs in 2015 were from Russia, Vietnam (3<sup>rd</sup> place in 2013), China (2<sup>nd</sup> place in 2013), Nepal, Pakistan, India, Iran and Nigeria (by most to least). 8 out of 10 countries of non-local students were outside EU/EEA-area and 60% of foreign students studying at English based degree programs are non-EU/EEA (CIMO, 2013). Students from Russia, China, Nepal and Vietnam were enrolling into Finnish HEI at an increasing rate. However, the total international student population has been slowing since 2012 (CIMO 2017b, cited by Mansikkamäki and Kuronen, 2016).



The figure shows the figure of international students enrolled in HEIs in Finland from the year 2000 to 2010. Almost 80% of the students are from outside EU/EEA. (CIMO, 2011; ICG, 2015)



The figure above also shows the sign that enrolment figure for international student is at its saturation point from 2013- 2016. More efforts need to be done to increase international population size. (Obtained from CIMO, 2017)



This figure shows the composition of foreign students that are inside or outside EU/EEA, a larger proportion of international students are non-EU/EEA. (CIMO, 2011)

### **3.5.2 Enrolment effects of tuition fee implementation**

According to Yle, in 2017, non-EU/EEA student applicants dipped about 25-30% compared to 2016. All in all, there were around 13,000 non-EU/EEA applicants in 201, from 18,650 in 2016. Currently Finnish HEIs teach over 10,000 non-EU/EEA degree students. (Kallio, 2017, cited 15.5.2017.)

There is not much current information about the exact percentage drop in applicants in Finland HEIs after the rule was implemented as this was written around the time enrolment for fall 2017 started. However, there was a 4% drop in international students in Turku University from 2016. (2015: 2,570; 2016: 2,406; 2017: 2,307). (University of Turku, 2018)

Markus Laitinen, Helsinki University's head of international affairs states that there were already 30 percent fewer applicants, but when students were informed of their acceptance decisions, the number of incoming students fell by 50 percent compared to 2016. (Mattinen, 2017) This was despite the attractive conditions of the study grants that was on offer. For example, University of Helsinki for example offers free tuition for the ten top applicants and 10,000-euro allowance for the next twelve. Laitinen states that over half of the students that were offered free tuition did not enrol. This shows that study grants are not an effective lure to attract students to

study in Finland. Many students who came to Finland to study initially was due to its free education.

	Enrolment figures for degree (Fall 2016)			Enrolment figures for degree (Fall 2017)			Change in %		
	Applicants	Selected	Acceptance of place	Applicants	Selected	Acceptance of place	Applicants	Selected	Acceptance of place
Foreign nationals in total	8,920	3,041	2,795	8,406	2,244	2,042	-6	-26	-27
Non-EU/EEA students	7,600	2,677	2,522	6,788	1,695	1,535	-11	-37	39
Number of foreign students compared to total student population/%	9	9	9	8	7	7	-1	-2	-2
Foreign nationals in total	11,977	4,893	3,907	8,088	2,697	2,111	-32	-45	-46
Non-EU/EEA students	11,062	4,658	710	6,321	2,057	1,521	-43	-56	210
Number of foreign students compared to total student population/%	14	19	16	9	11	9	-5	-8	-7

The figure above shows the enrolment of non-EU/EEA students in Fall 2017. Not all the information is available at this point. The statistics in blue is for UAS while the statistics in green are for universities. Just over 8,400 foreign nationals applied to UASs, which is 6% less than the year before. Meanwhile universities had just over 8,000 applicants, a decrease of 32%. Foreign nationals accounted for 8% of all applicants to UASs and for 9% of all applicants to universities. The number and proportion of non-EU/EEA nationals among applicants to UASs, selected candidates and enrolment was lower than the year before. However, the number of international students who are paying for universities increased, this could be make up by the lower quality of admission for students. It is interesting to note two points stated from Cimo, 2017. That there are more EU/EEA non-Finnish students and the number and proportion of Asian applicants to UASs fell, while the number of African applicants increased slightly. This was because less Africans as compared to other international students are enrolled into Finland UAS in the first place (CIMO, 2017)

## **4. Case studies**

To explore the effects of tuition fees in Finland on non-EU/EEA students, this paper will explore Nordic countries which adopt similar approaches. Almost all countries in Europe charges students HE education outside EU/EEA countries. In this decade, most countries has introduced tuition fees or increased the amount while a minority reduced the tuition fees. For example, some states in Germany reduced its tuition fee from 2013 (Mansikkamäki, E. and Kuronen, J. (2017)).

This paper will look into case studies of Nordic countries and its HEIs which charged non-EU/EEA students tuition fees. Nordic countries are chosen as case studies as it is almost similar in terms of structures and impacts Finland could potentially face.

The demographics structure in Nordic countries are almost similar. For example, the population of Denmark, Norway and Finland are almost similar with almost similar number of enrolment in HEIs per year (+/- 10%). Also, GDP per capita in all country except Norway is between USD 48,000 to 52,000 (En.wikipedia.org, 2018). Also, geographically wise, all countries are neighbours.

Similar to Finland, Nordic countries have been considering implementing/had implemented tuition fees for non-EU/EEA students, while some have been providing free tuition. Denmark was the first to introduce tuition fees from Fall 2006, then Sweden in Fall 2011. Only Norway and Iceland continues to offer free education for all students in public HEIs.

One major impact Denmark and Sweden faced was the large drop in HE application by non-EU/EEA students after the implementation of tuition fees. However, this is mitigated by the introduction of scholarship and study grants for paying students. (Mansikkamäki, E. and Kuronen, J. (2017)). This rule has affected student mobility and international student enrolment in the respective countries. This paper looks into the potential impacts Finland might face after the implementation of tuition fees.

For both countries, the administrative workload of some universities had changed and they had to tweak their marketing and recruitment strategies and put in greater effort to attract international students. Many experts also believe that these

institutions need to maintain its foothold with top destinations for HE, such as the United Kingdom, Australia and the United States.

	Denmark	Sweden	Norway	Iceland	Finland
Dates that fees were introduced	Fall 2006	Fall 2011	Registration fees	Registration fees	Fall 2017
Average amount in Euros	6,000-16,000 annually	8,500-13,500 annually	400	350 (admin fees)	10,000 to 16,000 annually
Applicable to Universities, colleges and polytechnics.					

(Norden.diva-portal.org, 2013)

The similarities in the policies implemented by the Nordic countries are that the governments consider pros and cons of tuition fees and cater to the needs of the country and its citizens. This also means that internationalisation policies are always changing according to situation such as employment and economic factors. From time to time, there are the occasional discussions about the scope of the welfare system, the financial strength in HE and role of international students in its economy.

## **4.1 Norway**

### **4.1.1 Higher Education System in Norway**

Norway follows the Bologna Process for HE. This makes its education more compatible with Europe. Norway Higher Education system follows the European Credit Transfer and Accumulation System (ECTS) which means the degree are recognised and in line with European Standards. Bachelor's degrees at universities take 3 years to complete, two years for master's degree and three years for PhD degrees. It is also possible to study both bachelor's and master's in a single continuous program for five years especially for specialised programs such as architecture, business management, engineering, dentistry and law. (Top Universities, 2017).

In general, it is free for all students to study in Norway HE. However, fees are imposed for small amount of professional, special education programmes, and private institutions studies. These tuition fees are usually much lower than private institutions around the world.

However, there is a fee of NOK 300-600 each semester, known as the registration fee. It is for the joining of the student welfare organisation as a member. The benefits of joining such organisations include health services, counselling, participation in sports facilities and cultural activities. (Mansikkamäki, E. and Kuronen, J. (2017)). Students will also receive an official student card that provides discounts on most public transport and cultural events.

Most of Norwegian universities and state university colleges are funded using public funds. Students can also apply for many different fellowship programmes, scholarship schemes or student loans to offset the high living expenses in Norway (West, 2013).

### **4.1.2 Reason**

One of Norwegian governance and motto is to ensure everyone has the access to higher education, it has deemed education important and part of the basic human rights and available to all. Hence, everyone has equal and fair opportunity to study at

HE level if the academic requirements are met. Currently, there are no plans to start collecting tuition fees for students.

Rolf Larsen, deputy director general at the Norwegian Ministry of Education and Research, stated that international students contributes towards Norwegian society and economy.

*“The Norwegian perspective is also that foreign students are a value to our higher education system, in accordance with our policies for internationalization of education, in the sense that they contribute with a different approach and new perspectives in our education system,”.*

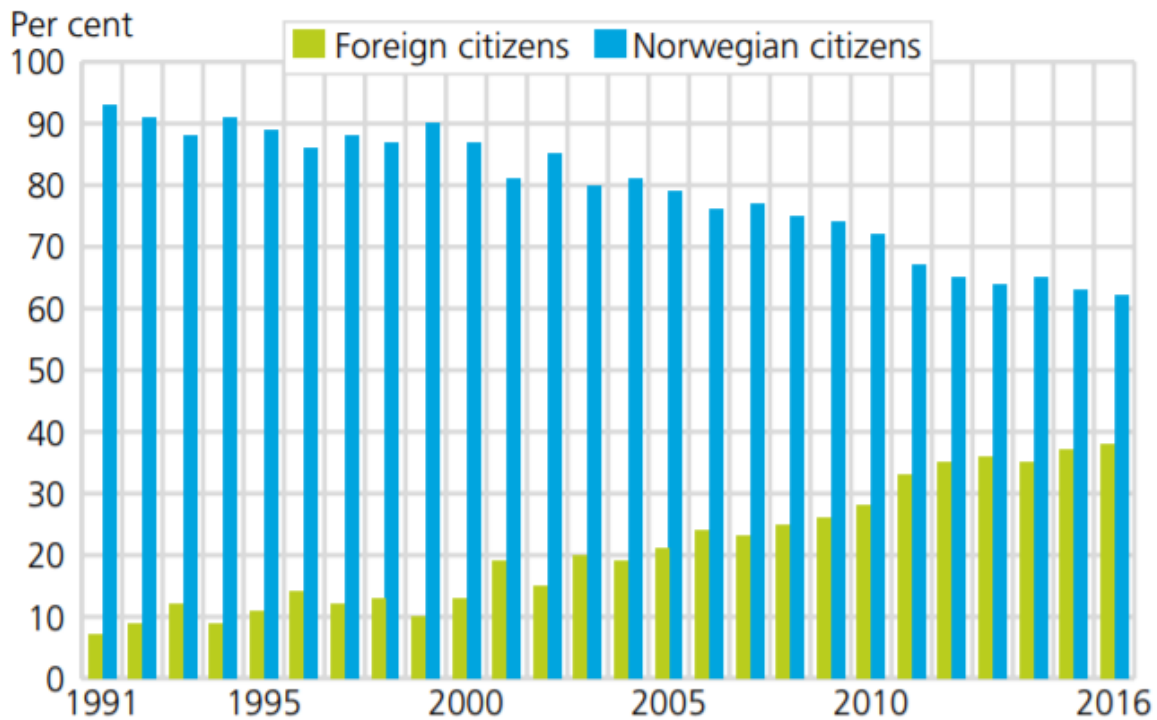
In October 2014, the Norwegian government proposed cutting the funding budget of HEIs by NOK 80.5 million or 8 million euros with a plan to replace it with an introduction of tuition fee. This had opposition from HEIs and student organizations and a public protest was organised by the Rector of the University of Oslo (ICG, 2015). In November 2014, the Norwegian government scrapped the plans and agreed to restore the funding for HEIs (ICG, 2015).

#### **4.1.3 Enrollment figure**

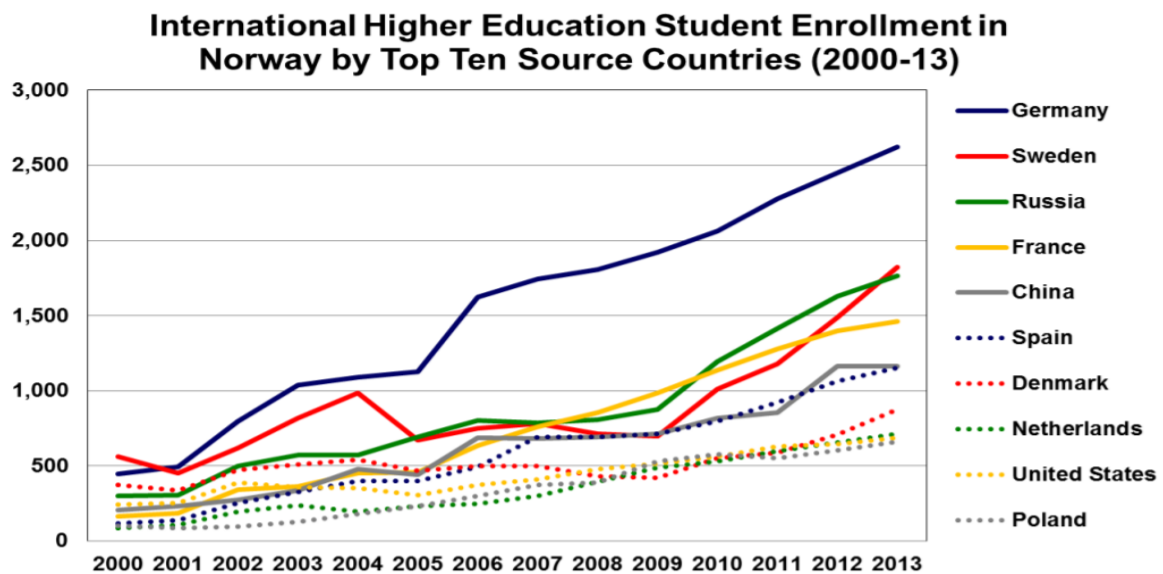
The figure for international students in Norway went up from year 2005 to 2013 by over 50%, however, the rate of growth is the least amongst other Nordic countries. Non-EU/EEA students increased by 30% while EU/EEA students doubled (Total international students in 2005: 600, 2010: 9200, 2013: 10300) (Mansikkamäki, E. and Kuronen, J. (2017)). There is not much information about non-EU/EEA students as statistics as Norway does not generate the enrolment figures for non-EU/EEA students. Norden, 2013 states that non-European students studying in HEIs in Norway increased from 5,621 in 2005 to 7,258 in 2012.

It is postulated that due to Sweden and Denmark implementing tuition fee for non-EU/EEA students, it led to an increase in 1,000 students who chose Norway due to its free HE. But experts also suggests that some students come to Norway for other personal not related to studying, such as family connections, marriage, employment, or seeking to be a refugee. (West, 2013).





The figure (obtained from Statistics Norway, 2018) shows that international students are increasing amongst PhD students, however, it is not known the proportion of non-EU/EEA graduates.



The figure obtained by Norwegian Center For International Cooperation in Education shows the enrolment figure of international students by nationality in Norway HEIs (ICG, 2015). It shows that both EU/EEA and non-EU/EEA students enrolment increasing steadily.

#### **4.1.4 Arguments**

However, some stakeholders in the HEIs have different opinions about implementing tuition fees. Some are concerned that because of the constant changing laws and development in other Nordic countries, the concept of free education might burden its own country sooner rather than later. For example, there might be a significant increase in students directly after Finland implemented tuition fees, just like the scenario that happened after Sweden. Meanwhile, many Norwegians feel that they should have a stable and equal foothold to study in HE (not based on financial ability), hence an increase in international students will put a strain on the education system and reduce the number of place in HEIs (Norden, 2013)

For example, BI Norwegian Business School president states that there are no efforts to attract more foreign students to Norway, and Norway had been lagging behind other European countries in its internationalisation progress. The statements below are examples of opinions on charging non-EU/EEA students tuition fees.

*"If more and more international students keep coming here, something may have to happen. It's hard to tell. But it is clear that if we find ourselves in a situation where Norwegian students are unable to find places on HE courses due to international students, then this would of course increase the incentive to introduce tuition fees."*

-Statement from one of the stakeholder from a top university in Norway

*"We believe that free higher education is a cornerstone of a vibrant democracy – and that international students are essential because of the perspectives they bring to the campus and to their peers,"*

-University of Oslo rector Ole Petter Ottersen.

Resistance to tuition fees are also vocal amongst student unions and educators. Many feels that rejecting students based on financial background goes against the ethos and morals that are the forefront to Norway governance and national identity. Many Norwegians feel that education is not a privilege for the rich, but a necessity to all students around the world. Meanwhile, many student union leaders feel that this might be the 'slippery slope' of fee implementation, that the fee introduced to international students will lead to the same for its own students in the future. (Smith, 2017)

#### **4.1.5 Problems**

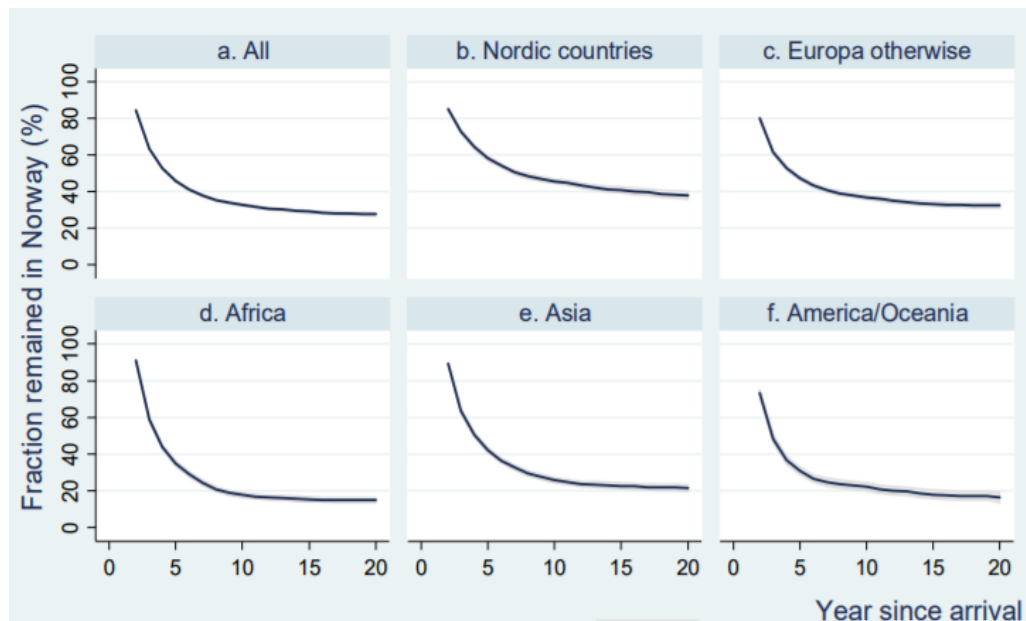
Some students might not be aware that paying to study elsewhere could turn out to be cheaper than in Norway. They often disregard living expenses and look into free education. International students in Norway cannot get any national benefits and welfare funds that locals enjoy. Many students withdraw their enrolment after knowing the high living expenses in Norway.

However, all international students need to show proof of financing of about €12,000 before enrolment so that it will help to deter non-serious applicants. That said, this could potentially attract students from more well-off countries rather than students from developing countries. However, this prevents students who intend to leave their home countries without genuinely coming to Norway for study purposes (West, 2013).

#### **4.1.6 International graduates in Norway**

In 2005, a Norwegian research was conducted to understand the mobility of students in Norway (Bratsberg et al, 2005 cited by Tran, 2014). From 1988 to 1994, most students returned to their home countries, but 25% stayed in Norway 10 years after they arrived. Fafo Research Organisation (Bore et al, 2012, cited by Tran 2014) and Statistics Norway (cited by Tran, 2014) states in its report that most international students leave Norway after some years of staying. However, 1/5 of graduated who arrived in 2000 were still residents in 2011. Statistics Norway, cited in 2013, observed in a larger timeframe from 1990-2011 and found that 1/3 of all of those who came to Norway to study were still staying in Norway 10 years after they came.

Teshnar, 2009 found out through interviews with international students studying in Norway that the main reason students are willing to come to study in Norway was due to its free education. Although an international study experience was considered by many to be valuable for the future career, most students who leave Norway after graduation. This was because their command of Norwegian language would be a huge disadvantage that deterred them from gaining employment. Most students with superior English skills would prefer to go to more “comfortable” countries that embraces diversity and the use of English in the workplace (Teshnar, 2009).



The diagram above shows the percentage of non-local students who remain in Norway after graduating. It showed that there was a high percentage of EU/EEA students that remain in Norway as compared to non-EU/EEA students. (Obtained from Tran, 2014, pg 16)

## **4.2 Iceland**

The University of Iceland is the main institution of higher learning in Iceland, but for the last thirty years, many institutions were set up around Iceland. Currently, there are four public and three private higher education institutes (Iceland Review, 2015). Similar to Norway, public HE are free for everyone in Iceland. Since 1991, students will only need to pay a small enrolment fee of around 300 Euros for one semester (University of Iceland). Educational institutions get its fund from public sources (92.1%) which is above the OECD average of 83.5% (Oecd.org, 2016).

In the University of Iceland, where it is run by the government, it has 13,300 students and 1,300 students are foreigners. Most of the costs are paid by the state, hence, students will only foot the registration fee only. The total fees involved are significantly lower when comparing to HE around the world. (Leight, 2011)

Meanwhile, Reykjavík University (RU), Iceland's largest private university, has almost 3,500 students and 700 graduate and undergraduate courses. Private universities are allowed to charge tuition fees. All of Iceland universities get government grants according to the amount of enrolled students. The grants cover the universities' funding. (Taxell et al, 2009)

While the government offers grants, private institutions can accumulate funding through tuition fees. RU's tuition fees for foreigners are 7,000 euros while it is 2,000 euros for locals. For EU/EEA students, they are charged 1 800 EUR to 3 600 EUR per annum while students from outside EU/EEA are charged 6 000 EUR to 9 000 EUR. The government is involved in handing out scholarships and study grants. For example, In Fall 2012, 18 scholarships were awarded to non-local students. (Norden 2013), (Mansikkamäki, E. and Kuronen, J., 2017).

### **4.2.1 Higher education Reformation**

The government position on internationalization is focused on international positioning and competitiveness of the HEIs and Icelandic society such as the participation in EU programmes and Erasmus.

In general, due to the country size, linguistic, cultural and historical aspects, internationalization is in general academically and individually oriented (Maassen et al., 2005, Leight, J, 2011). Although internationalization has always been a priority, it has not been developed and practiced since many Icelandic students have always travelled abroad for education. Also, Danish is taught as a foreign language in many schools. However, larger HEIs have well-established internationalization offices and given higher management autonomy for their curriculum (Norden, 2015).

After Iceland's economic collapse in 2008, the government invited international experts to look into the financial issues facing HE in Iceland. The report was named *"Education, Research and Innovation Policy; A New Direction for Iceland"*. The report stated that HEIs faced bureaucratic costs and needed increasing funding. One of the suggestions was that Iceland should begin collecting tuition fees for higher education (Taxell et al, 2009). The panel alluded that the government should work closely with HEIs and make changes to its education policy.

To cut cost and improve education standards in HEIs, the government decided to reduce redundant headcounts and merge administrative departments to improve economies of scale. However, there was no plans to implement tuition fees to fund HE (Leight, J, 2011). Jón Atli Benediktsson, president of the University of Iceland states that implementing tuition fees would be challenging due to its political and societal nature. Universities are facing difficulties trying to present to stakeholders the importance of attracting international students to Iceland. One of the way that was suggested is to strengthen and increase international collaborations and opportunities for local students overseas.

#### **4.2.2 Enrolment figure**

International students in Iceland increased by 50% from 2005 to 2010, at 735 and 1133 respectively. There was an 86% increase came from non-EU/EEA students. Meanwhile there was an increase in EU/EEA students by 45%. Similar to Norway, when Sweden and Denmark introduced tuition fees, there was an increase in international applicants studying in Iceland especially from developing countries, as most of them cannot have the financial means to pay tuition fees. (Mansikkamäki, E. and Kuronen, J, (2017), Norden (2013)

In 2013, international students in University of Iceland made up 8% of its total student population. Most came from Germany; the USA came in second and the rate has been growing. The university participates in various exchange programmes such as Erasmus+ and Nordplus. In 2013 there were 267 students leaving for exchange while 467 visited Iceland (University of Iceland, 2015)

### **4.3 Denmark**

Denmark is the earliest country to start collecting tuition fees for international students within Nordic countries. Amongst all the three case studies covered, Denmark has the most experience and most lessons to be learnt. Indeed, governments from Finland and Sweden used and analysed the challenges and experiences Denmark faced.

According to ICG (2015), tuition fees for non-EU/EEA students (“third country students”) started in 2006. The Danish Parliament states that, this move was to curb “...third countries [from] sending students to Danish universities with a view of the Danish government paying for their education in whole or in part.” (West, 2015). The other aim is not only to increase the number of international students but also improve the competitiveness of Danish HEIs (Mansikkamäki and Kuronen, 2017). Institutions are allowed to award scholarships and free places to attract quality students worldwide in its master’s degree programme (Norden, 2013).

Full degrees taught in English costs between €6,200 to €13,100 per annum for non-EU/EEA students based on subject taken and institution. Some universities collect fees for its entrance exams (Vaisanen and Ovaska, 2016).

#### **4.3.1 Education in Denmark**

Denmark has 8 universities, 12 Artistic HEIs (specialized institutions with separate programmes in areas such as art, music and architecture), 11 University Colleges (Professionshøjskole), 11 business academies and 4 Schools of Maritime Education & Training (Studyindenmark.dk, 2017, EP-Nuffic, 2013). 1.7% of GDP is spent on higher education in Denmark, which is slightly higher than the OCED average of 1.6% (Swedish Higher Education Authority, 2017).

Individual universities have the freedom to decide on the amount to charge international students tuition fees. It is recommended that it be calculated directly proportional to costs and are allowed to charge more than its cost/student price. Hence, the minimum price of a programme is same as the grant the university receives from the government (Norden, 2013, ICG, 2015).



In general, there are 2 ways of charging tuition fees, decentralised and centralised charging. Decentralised charging means that HEIs pass on the decision-making authority to respective faculties. Meanwhile, centralised charging would suggest that faculties are only able to implement any decision set by the authorities.

*“We set the price at above the taximeter rate quite deliberately because we are not interested in our programmes being priced too cheaply in an international context.”*

(Representative, Copenhagen Business School cited by Norden.diva-portal.org, 2013,)

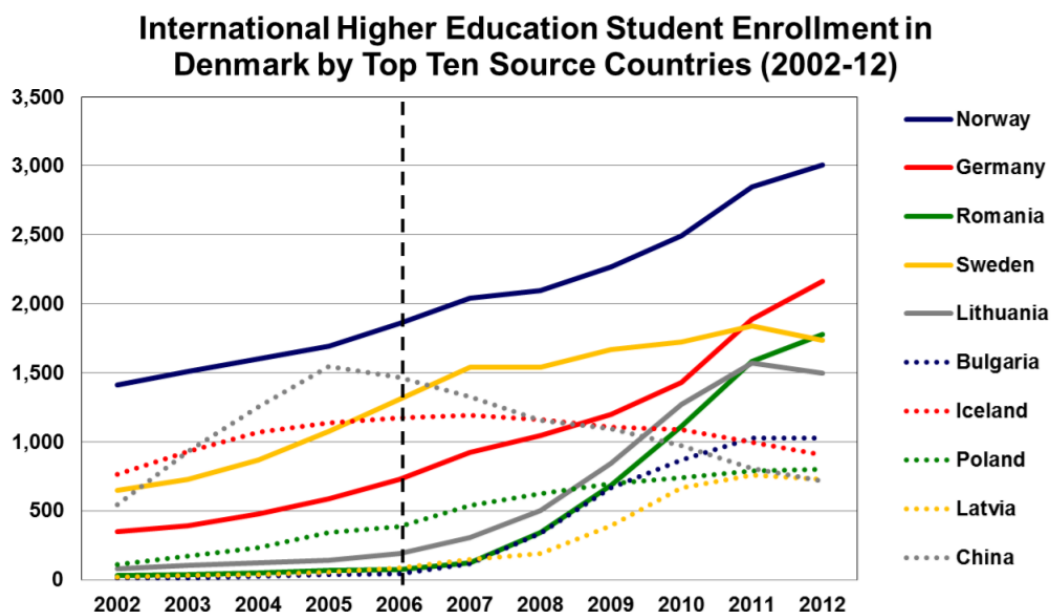
#### **4.3.2 Scholarship programmes**

A small number of scholarships were introduced to fund studies for top academic non-EU/EEA students. The funds allocated for scholarship are estimated to be equal to the amount of money that would have been collected from tuition fees. It is hoped that this will constantly appeal to the best international students from non-EU/EEA countries (Norden, 2013; ICG 2015).

Institutions may also form their own scholarships or seek funding from private sectors. Tuition fees are mainly used to fund the cost of education. If any institutions charge more than required, the excess funds are used to introduce more scholarships or free places for other non-EU/EEA students (West, 2015). Some universities collect 100 to 150 EUR fee for entrance exams (Mansikkamäki, E. and Kuronen, J., 2017).

There are government scholarships for non-EU/EEA students studying in Denmark that are covered under certain bilateral agreements with countries or institutions. For example, the increase in students from Africa, mainly Cameroon and Ethiopia, is because these students are recipients of a development scholarship named DANIDA to study in Denmark. These funds were meant to be for non-EU/EEA students. The total state funding for scholarships for HEIs increased from almost US\$5 million in 2006 to US\$14 million in 2011. (West, 2015; ICG 2015).

### 4.3.3 Statistics on student enrolment



From the graph, EU students are the main international students in Denmark HE. There was a sharp decrease in number of non-EU/EEA students in Denmark after 2006. (Obtained from: ICG, 2015).

In 2005, the year before this new rule was implemented, Denmark had 4,371 non-local students enrolled in bachelor and master's degrees. 1,298 were from Nordic countries, 1,478 from EU/EEA countries, and 1,595 non-EU/EEA. (The Danish Ministry of Science, Innovation, and Education, cited by West, 2015). In the following year, student enrolment from Nordic, EU/EEA countries went up from 2776 to 3,090 while the non-EU/EEA students reduced by around 30% to 1,053. The number of international students enrolled in Denmark HEI decreased to 4,143 in 2006.

From 2005 to 2011, Nordic and other European students studying in Denmark went up annually to almost 8,000 in 2011. It was in 2009 that student enrolment from non-EU/EEA countries increased to levels slightly higher than 2006 at 1,674 and it maintained thereafter. Initially, non-European students made up of 36% of international students in HE, but it was 15% in 2011. It was noted that Asian students made up the majority of the decline, particularly among Indian and Chinese students. The drop in South Americans were significant as well. However, statistics also showed that more African and North American students enrolled in Denmark HEIs. Hence, with the increase in EU/EEA students exceeding the drop in non-EU/EEA students, the total number of international student enrolment in Denmark doubled

after the introduction of tuition fees. (The Ministry of Education and Culture 2014, cited by Mansikkamäki, E. and Kuronen, J. 2017).

#### **4.3.4 Arguments**

According to West, 2015, many management teams in Danish universities has the opinion that not enough funding are provided for scholarships to non-EU/ EEA student. It seems that it is hard to compete globally, since HEIs in other European nations receive direct support from the country for all students attending their institution.

However, in Copenhagen Business School (CBS), the number of international students went up despite the marketing team not focusing in any target group to increase the number of fee-paying applicants. The school also focused on attracting more exchange students to increase competitiveness. Also, it reduces their administrating workload because less opportunist student who did not meet the basic requirement did not apply due to the application fees.

In 2007, a national strategy was launched to promote the country as a viable and attractive country for higher education. It is hoped that it will attract more reputation and create merits to higher education for international students and researchers and also improving the quality of Danish institutions. Its national education brand was created, such as setting up of traditional recruitment activities like education fairs and talks and fairs to highlight the relationship between Danish education and Danish business (West, C. 2015).

#### **4.3.5 Adjustment to HE internationalisation effort**

Since the financial crisis till now, Denmark is facing slow GDP growth. According to ICEF monitor, productivity in Denmark is trailing behind almost all the developed economies. A National Productivity Commission was tasked to improve Denmark's productivity, relevance and quality. The findings recommended implementing tuition fees for all students, adjust the finding models for HEIs and limiting enrolment in certain courses that were not popular.

In September 2014, the government intended to decrease enrolment in degree programs that face much youth unemployment by 4,000 places in three years, this was mainly degrees within the humanities faculty. This caused a huge uproar and many stakeholders were upset by this plan. Some universities, such as the University of Copenhagen and the University of Southern Denmark plan to cease the enrolment of new foreign students to maintain the intake of local students.

In November 2014, the plan was refined and this allowed universities more autonomy over this new rule and delay the implementation. Hence, universities must reduce 3,500 undergraduate places by 2018 and 2,400 post graduate places by 2020. (ICG 2015).

In April 2017, the government decided to cap the intake of English medium courses at Danish business academies and university colleges. It will be reduced by about 25 percent, which is about 1,600 students fewer than in 2015 (University of Copenhagen, 2017).

#### **4.3.6 International graduates in Denmark**

In 2015, a survey by an independent think tank DEA showed that out of 6,000 international students who pursued HE degrees from 1996-2012, 40% were still in Denmark and in the workforce one year after graduation. It was estimate that each student had a net positive contribution to society of 3,650 euros (Uniavisen, 2017). Another survey by CIMO shows that the economic benefit of 1,000 international students from tax revenue due to consumption or work varies from 50,000 to 100,000 euros. Looking at the medium term of about 20 years, increasing the number of non-EU/ EEA students will result in the greatest financial benefit. However, in the longer term of about 40 years, increasing students' enrolment from Western countries outside the EU/EEA will give rise to the greatest benefits (CIMO, 2015).

Meanwhile, since 2011, Copenhagen Business School, international student enrolment almost doubled from 248 to 469 in 2014. However, in the meantime, an increasing number of international graduates leave Denmark within one year of graduating (Copenhagen Business School, 2014). 48% of international master students left Denmark after graduating in 2011 and 56% in 2014. Michala Tomra,

senior consultant specialist at the Dean's Office of Education, feels that international students are disadvantaged since they have to start anew in a new environment with regards to employment. Danish students have the networking opportunity and easier effort to find employment.

However, the most worrying sign is that 61 percent of international undergraduates expect to remain and seek employment in Denmark. There are a couple of reason for their choices, push-factors such as a good work-life balance, high wages, safe society and great opportunities for employment development (Studyindenmark.dk, 2017). However, many students feel that it is not easy to search for job openings posted in English. In the same survey, 59% state that they *rarely* or *never* saw job postings in English while 78% agreed that learning Danish was necessary to be employed in Denmark. (Copenhagen Post, 2012). This shows that the employment opportunities are rare for international students and it is an obstacle for students who are not fluent in Danish.

## **4.4 Sweden**

It was decided in Parliament that non-EU/EEA students need to pay school and registration fees in Sweden from 2011 Fall.

The first reason was to cater its higher education for its own citizen first while the next reason is that there is a need for Swedish university to be on the same footing with global HE. HE systems needs to be changed to improve education standards and foster a good learning environment (Mansikkamäki, E. and Kuronen, J., 2017). Sweden wanted to have less international students and switch to a strategy in which education would compete based on quality over quantity. This is known as Konkurrera med kvalitet-strategy (Vaisanen, R. and Ovaska, M, 2016). It wanted HEIs to compete with other international HE with quality rather than giving free education to attract students.

Other than introducing tuition fees, there are other changes introduced such that it would strengthen Sweden's competitive edge in HE (Mansikkamäki, E. and Kuronen, J. 2017). Non-EU/ EEA students need to pay €6,500 to €15,000 annually while PhD students are exempted as they are employees of the university. There will be an application fee of 95 EUR per application with unlimited application to any HEIs at a time.

1. Individual HEIs will inform potential students about the study opportunities that students could get, while the government will market Sweden to attract more students.
- 2 The funds to market HEIs increased from EUR 0.3 to 0.5 million per annum. (Mansikkamäki, E. and Kuronen, J. 2017).
3. Application fee is intended to prevent large numbers of applicants trying their luck even without proper qualifications. Also, this is to foot the administrative costs for universities and colleges. The fee is paid by non-EU/EEA students.
4. A total of SEK 330 million or 33 million euros a year are spent on scholarship for non-EU/EEA students.

#### **4.4.1 HEs in Sweden**

Similar to Denmark, 1.7% of GDP is spent on higher education in Sweden, which is slightly higher than the OCED average of 1.6% (Swedish Higher Education Authority, 2017). The Swedish HE system comprises universities and colleges. There are 14 state universities, 20 state colleges and 17 private HEIs. Only Chalmers University of Technology AB, Jönköping University and the Stockholm School of Economics offers PhD degree while the rest offers Bachelor and Master's level (Norden.diva-portal.org, 2013). Four other institutions specialised in teaching psychology and wellbeing.

Public HEIs have considerable autonomy within a system of management by objectives. The Swedish Parliament (Riksdag) and the Government is responsible for the regulations and objectives for HEIs. However, within the guidelines, HEIs are given autonomy to manage resources and the education content (Swedish Higher Education Authority, 2017).

#### **4.4.2 Internationalisation- Scholarship**

Two main scholarship systems are introduced. They are the Swedish Institute Study Scholarships (SISS) and the Swedish Tuition Fee Scholarship (STFS).

SISS are issued to exemplary students from countries with good relations and co-operation agreement with Sweden. The funds will reimburse tuition fees and living expenses. Around 120 students are awarded annually. Also, part of the funds is allocated to scholarships for students from developing countries (Svenska Institutet, 2017). For example, Indonesian students who came to Sweden initially were exchange students or Erasmus Mundus scholarship holders. In 2011, with the introduction of this new scholarship programme, there were eight new Indonesian studying full time (West, 2015).

STFS awards students outside the EU/EEA that obtain good academic result. The government will allocate the funds to HEIs, which are then given out to students. The amount given by the government is proportionate to the number of international students that each institution have enrolled. HEIs has the authority to decide to grant full scholarships to some students or semi-scholarships to a larger group of students. The funds can reimburse tuition fees, but not living expenses.

The difference is that one of the scholarship target specific countries, while the other is given to the universities to give scholarships within their own guidelines. This aims to encourage HEIs to introduce their own scholarships and give HEIs the opportunity to be competitive. However, many stakeholders complain that these aims are not easy to achieve. A total of SEK 110 or 11 million euros was given up through these programmes (Mansikkamäki, E. and Kuronen, J, 2017).

Any tuition fee profits will be returned to the government, then redistributed back to HEIs for quality improvement measures or the funding of scholarships in the future. Meanwhile, application fees go to Universitets- och högskolerådet (UHR), which funds 24 Swedish HEIs 6.8 million euros annually to subsidise the increase cost of education. (The Ministry of Education and Culture 2014, cited by Mansikkamäki, E. and Kuronen, J. (2017).

#### **4.4.3 Internationalisation- others**

Since 2004, the government focused on the internationalisation of HE to improve the international mobility between stakeholders. For example, over 500 programmes were offered in English language in 2008. This move was deemed a right move by many HEIs management, but most was against offering it at Bachelor's level. Therefore, almost 600 Masters' programmes in English language was launched but only a small proportion in Bachelor's degree. This was to ensure it could meet local and international demand and improve competitiveness. Hence, many HEIs could enhance on postgraduate programmes, that is pertinent in its economy such as science and engineering, before tuition fees were introduced. Indeed, in 2011, international students consist 37 percent of all new PhD students in Sweden, according to the Swedish National Agency for Higher Education, cited by West, C., 2015. Currently, Swedish universities can employ all PhD students when before, doctoral students rely of various funding sources. However, universities do face difficulties recruiting doctoral students due to the drop in students studying bachelor's and master's programme as many doctorate students had started their higher education in Sweden. Meanwhile, 32% of staff in HEIs had foreign backgrounds in 2016 (foreign born or born in Sweden to two foreign-born parents) and 20% of all



staff in HEIs are foreign-born research and teaching staff (Swedish Higher Education Authority, 2017).

#### **4.4.4 Enrolment figures**

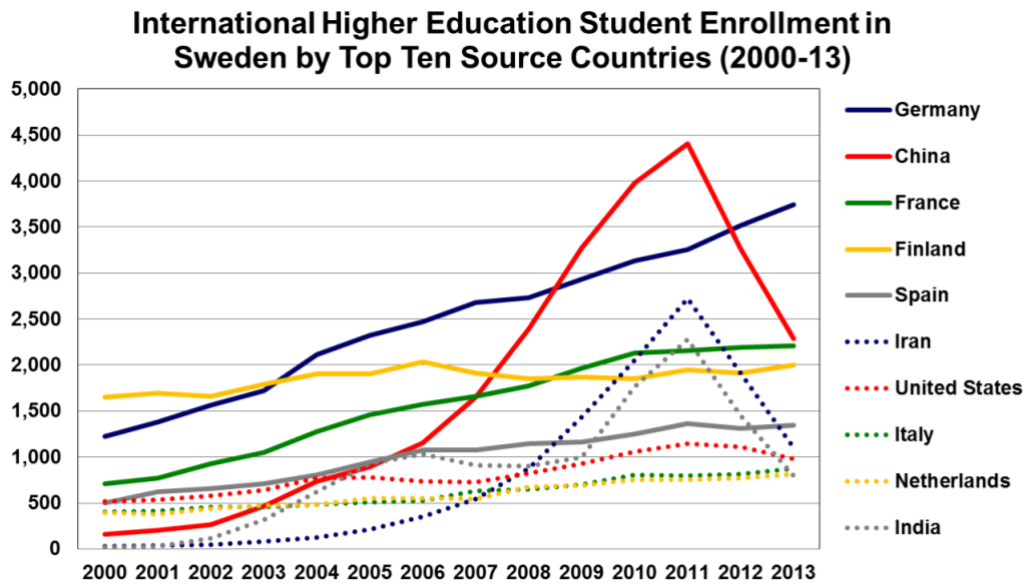
Between 2000 and 2010 Sweden saw an increase in international students from 3% of the student population to 10% in 2010. According to the OECD in 2009, 9.4% of the total HE population were international students, at 16,000, in the 2009-2010 academic year. The top five international students' origins in Sweden were China, Pakistan, Finland, Iran and India (EP-Nuffic, 2013).

In 2010, the number of students in HE was 441,600 and has been increasing since 2006, when the number was 380,100, an increment of 16%. (Norden, 2013) This was the scenario before tuition fees was introduced. In a 4-year period from 2006 to 2010, international students enrolled in Swedish universities had doubled from 11,800 to 27,900 (The Ministry of Education and Culture 2014, cited by Mansikkamäki, E. and Kuronen, J. 2017).

Compared to Denmark, enrolment of non-EU/EEA students in Sweden declined more after the introduction of tuition fees. According to the Swedish National Agency for Higher Education cited by West, 2015, the total number of new international student enrolments dropped by a third immediately, from 22,100 to 14,700. It was mostly due to the drop of 79% from non-EU/EEA category ( student applications in 2010: 122 000, 2013: 37 000). Applications of international students dropped by 76% for regular courses and 86% for international courses. (Mansikkamäki, E. and Kuronen, J. 2017) It is thought that if this trend continues, the population of non-EU/EEA students enrolled at Swedish universities will reach 50% of pre-2011 in 3 years. The largest drop in non-EU/EEA students were from Asia, such as Pakistan, Nepal, and Bangladesh. West, C. (2015) In 2014, the number of international students increased slightly but under pre-2011 figures. (The Ministry of Education and Culture 2014, cited by Mansikkamäki, E. and Kuronen, J. 2017.)

Currently, within EU/EEA, there are the most number of students enrolled from Germany: 624, Greece: 451 and the UK: 429. Outside EU/EEA, 2,085 Indian students applied and 634 enrolled, overtaking China, which had 1,483 applicants with

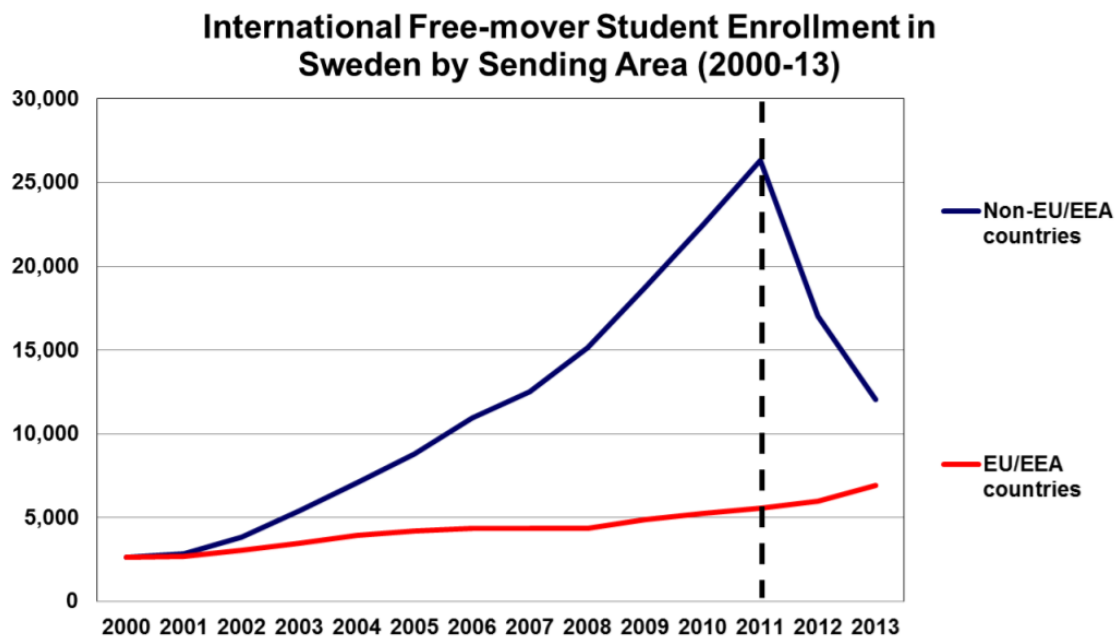
516 offered study rights in HEIs.



This figure shows the figure of international students who enrol in HEIs in Sweden. In 2011, the number of students from China, Iran and India decreased dramatically, almost by half. However, the population of US students only fell by 10%. It is probable that there was a more than proportion drop in the enrolment of students from less wealthy country than wealthier country. (Obtained from: ICG, 2015)

Overall, enrolment figure for all students in Sweden is in a decline, it rose from 80,000 in 2005 Fall to its peak of 110,000 in 2011 Fall before falling to 85,000 in Fall 2015.

There were less EU/EEA students than non-EU/EEA students before tuition fees were implemented. However, the enrolment of EU/EEA students have been increasing throughout, from 1,400 in 2010 to 2,300 in 2016. Meanwhile, new non-EU/EEA students' enrolment fell from 7,600 to 1,700 in 2016.



The figure above shows the effect on enrolment figures for international students. Obtained from: ICG, 2015

#### **4.4.5 Arguments**

**1. Improvement in Student quality:** The effects of the implementation of tuition fees was largely expected and many felt that it was moving in the direction.

State Secretary of Swedish Ministry of Education and Research Peter Honeth

: “It’s satisfactory that so many fewer applied, this was exactly the effect we wanted. A large proportion of the applicants that had strained the system is now gone.”

(cited by Mitchell, 2013).

Indeed, there were more eligible applicants for bachelor degree who had adequate English-language proficiency and relevant qualifications. Students who were genuinely interested in studies and those who could benefit the Swedish society applied and were willing to pay tuition fees.

**2. Student enrolment went up after the decline-** Andreas Sandberg, from the

Swedish Council for Higher Education cited by Mitchell, 2013, states that there was a 24% increase in international applicants in 2012 compared to 2011, with an increase of around 20% for paying applicants. In 2013, despite the total number of applicants remaining constant, there was an increase of 14% in international applicants, a 10% increase from non-EU/EEA students up. Comparing with 2011, the increase is 30% and 27% by paying applicants. The writer felt that communications with stakeholders have improved and there was less confusion about the new ruling.

**3. Improved experiences-** Many Swedish universities switched to a more market-oriented approach, such as organizational changes so as to improve the workings of international recruitment. More emphasis is placed on brand value, working with alumni and focusing on promoting themselves abroad, targeting EU/EEA students rather than students from Asia or Africa. It also aims to increase the intake of exchange students since it will improve multicultural student experience for local students and an opportunity to market and attract students for further education and research. (West, C. 2015)

**4. Scholarships-** Many feel that the scholarship scheme should be expanded and more need to be done. The following is a few opinions by respected members in HEIs.

- Lund University's Vice-chancellor Per Eriksson  
“Well-functioning and extensive scholarships are incredibly important if we are to get fee-paying students to our university. We therefore hope that the government will make further investment in expanding the scholarships system and that we can continue to receive scholarships through donations from businesses, organisations and private individuals.”
- Swedish University of Agricultural Sciences head of communications, Tina Zethraeus,

“The post-study work environment for overseas students also needs to be liberalised, and more needs to be done to overcome the reluctance of Swedish companies to hire foreigners.”

- Political scientist Shirin Ahlbäck Öberg, vice dean of the faculty of social sciences at Uppsala University

“We definitely want more international students. To many of us it is strange that our politicians on the one hand emphasise internationalisation as a main objective in all sorts of contexts, and at the same time ‘de-internationalised’ higher education. Charging tuition from non-European students might have been legitimate if the government had invested funds in scholarships that non-European students could apply for to finance studies in Sweden. But this has not been the case. Moreover, people worry that charging tuition for non-European students might lower the threshold to institute tuition for Swedish students.”

Hence, many feels that more need to be done to dispel the fear that locals will be charged for tuition and in the meantime, enhance the recruitment prospect of non-EU/EEA students

**5. Unsolved issues-** There are other push factors that might not attract international students to study. For example, the slow and complicated application process, the lack of opportunities for international students to remain in Sweden for employment after graduation and the rigid system which governs how universities can set tuition fees. (Mitchell, 2013). Many universities also lost top international students who went to other countries to study, going against the benefits of improving competitiveness.

#### **4.4.6 International Graduates in Sweden**

In Sweden, a survey was conducted whereby it was found that a -8.1 percent "unexplained pay gap" even though factors such as gender, age, job or position are considered. In this case, the pay gap refers to the difference in earning between a

local Swedish graduate and non-EU/EEA graduate who are at similar level of employment. For EU or North America degree graduates, there is a -3.2 percent unexplained pay gap in the private sector as compared to local graduates.

The pay gap is different for different jobs. For example, non-EU/EEA economics or finance graduates earn 10.2% less in the private sector while the pay for foreign and native doctors in the public sector are similar.

The study also found that less foreigners hold managerial positions than locals and there exist a potential "glass ceiling" for foreigners advancing in their careers (Löfgren, 2017). Another point to note is that 4.7% locals were unemployed in 2016, compared to 21.4 percent of foreigners. (Thelocal.se, 2016)

## **5. Conclusion**

The table below summarises the findings for the scholarship system, cost of living and tuition fees from the case studies.

	Finland	Norway	Iceland	Denmark	Sweden
Introduction of Non-EU tuition fees (year)	2017	-	-	2006	2011
Non-EU tuition fees amount (in EUR)	4,000- 18,000	-	-	6,000-16,800	9,000-16,900
Average cost of living over the years (in EUR) <sup>a</sup> per year	900 (estimates given by Aalto University)	1,000 (estimates given by BI Norwegian Business School)	1,600 (estimates given by University of Iceland)	1,100 (estimates given by University of Copenhagen)	900 (estimates given by Lund University)
Subsidies for Non-EU students (in EUR)/ year if available	Full, partial or performance scholarship, based on HEIs	-	No subsidies, but for private HEIs, it is performance based	Full or partial scholarship, partial living expenses, HEIs specific	SISS-Country specific/ SFTS-HEIs specific. Covers partial tuition fee and living expenses
Application fees	No	No but 50 EUR semester fee	No, but 600 EUR for annual registration fee	Depending on HEIs	90 EUR
The percentage change in non-EU/EEA student enrolment	Not available but for UAS, it is -37% for acceptance offer	-	-	-35	~-55

<sup>a</sup> These can include the rental cost and average amount spent on travel, food and other services, depending on data/information.

## **5.1 Similarities and differences between Nordic Higher Education**

There are many similarities and small differences between Nordic countries regarding the impacts of tuition fee implementation.

Factor	
Non-EU/EEA student enrolment figure	Both saw a decline in the first few years of implementation before it came back up. Sweden had a higher rate of decrease than Denmark. Also, the fall of non-EU/EEA students' enrolment is mitigated by the increase in enrolment of EU/EEA students. However, overall, it is a drop in Sweden, Denmark and Finland UAS.
Branding and method of internationalisation	Every Nordic country have different aims and methods with regards to internationalisation process. Norway and Iceland rely on exchange programmes such as Erasmus programme for an international studying experience for its students. Meanwhile, Sweden introduces English based courses only at Master's Degree, unlike Finland.
Stakeholders	Many HEIs management staff who were against this implementation initially, felt that this was a right move but done too hastily and need constant monitoring.
Ranking of University	Global ranking of the main universities went up after the implementation of school fees. Karolinska Institute, Sweden: 43 in 2011 to 28 in 2017 Uppsala University, Sweden: 147 in 2011 to 93 in 2017 Aarhus University, Denmark: 167 in 2011 to 98 in 2017
Using of scholarship	The use of scholarship allows HEIs to be able to award student who made significant progress in their academic performance. In the past, free education meant that non-EU/EEA students were not bounded by any academic requirements. However, some feel that the scholarship conditions could be relaxed further.



More can be done	Many stakeholders feel that more should be done to improve on enhancing international student enrolment figures in HEIs in the respective countries.
More flexibility and autonomy for HEIs.	HEIs are allowed to spend the amount collected for promotional, improvement efforts. For example, in Lund university, 15% of the income from tuition fees are used for marketing. Previously, universities will need to seek approval from using the funds and the process can be slow (West, 2015)
Job employment	International students who studied in Denmark, Norway and Sweden are willing to remain in the country to find employment opportunities, however they have found it to be difficult due to the language barrier.
Constant changes in its internationalization path	Denmark is reported to be looking into limiting international students in certain courses and plan to charge local students tuition fees which was ultimately opposed. Internationalisation strategy in Denmark might be reaching the stages in which countries such as US and UK are at. Such countries charge locals and EU students (for UK HEIs) tuition fees.

## **5.2 Recommendations for Finland**

Finland taking the step to implement tuition fees is a right move for HEI internationalisation process. Its international export has been lagging as with its research development compared to many countries. For Finland, implementation of school fees is a win-win situation. Students can study for a fee and get reimbursement as a form of scholarship, in which not many countries in this world would have. However, to be a global exporting country for HEIs, Finland still trail many countries. Just by collecting tuition fees is not a magic pill, there needs to be more action taken to improve this situation, and the most important way is to attract more international students to its HE.

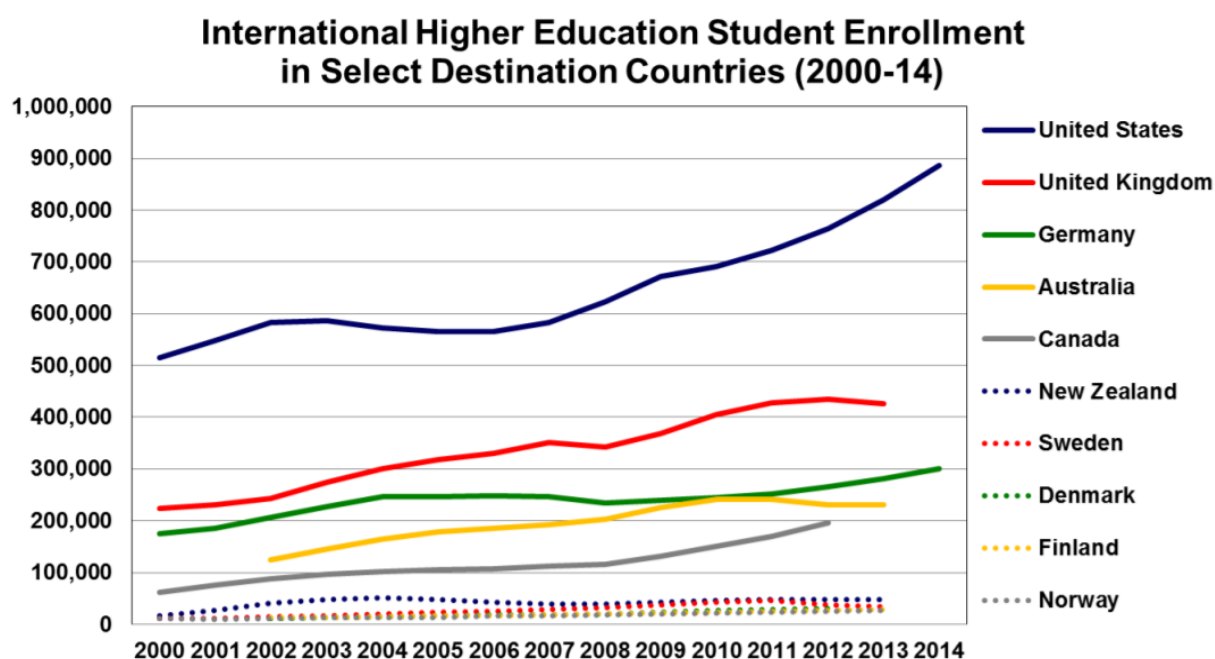
This factor also encompasses other factors, but this paper would term it under this main category, to improve quality of education in Finland HEIs. For Finland to market itself as a top educational exporting country, it need to expand its student enrolment base, improve its educational facility and education and attract more researcher to its country. With more funds available, the last two points are easily achieved. However, to enrol more students, the implementation of tuition fees might have an opposite effect. Hence, it is important for Finland to learn from the effects Sweden and Denmark faced in order to mitigate the reduction in student enrolment.

The destination choice of studying is influenced by many factors. It is important to note that many International HE destinations such as United Kingdom and United States have a greater student enrolment than Nordic countries combined. However, the main reason according to Cai and Kivistö, and referencing on many student surveys (Bodycott, 2009; Böhm et al., 2004; Lee, 2008; Mazzarol & Soutar, 2002; Simpson & Tan, 2009), the most common pull factors that attract students to a country for studies, according to rank, are as follows:

Factors:	Suggestion for Finland
Understanding and awareness of the country	Finland can take a leaf from Sweden to improve on its marketability and visibility, not only of its education programmes, but also a country to visit as well. For example, Sweden place more emphasis on brand value, working with alumni and focus on promoting themselves abroad, targeting a specific group of overseas students. Finland could organise seminars and open house days for potential students overseas. Physical presence outside national borders is one approach to strengthening branding. Also, different forms of collaboration and resource pooling add cumulative knowledge and foster innovations. Many universities form strategic partnerships to improve their reputation and to stay competitive. (Kemppainen, 2016).
Top quality or reputation of HEIs	Improve on its facilities, expansion, quality of education via the funds from tuition fees. This will natural attract students

	<p>from abroad. For example, the top 20 universities in the world are from United Kingdom and United States, with an exception in Switzerland. From the photo below, many students have chosen a better study destination even though it might be very expensive. Also, with improved quality of education, there would be more student enrolment and more funds for improvement. This is a positive cycle. This point is important as best-ranked HEIs appeal to people globally. HEIs with lower rankings or profiles would lead to a brain drain effect both in international students and local students.</p>
Employment opportunities after graduation	<p>Finland could improve the opportunities given to foreign students with employment. For example, in 2007, 49% of the graduates were employed in Finland a year after graduation and 73% remained in Finland. More than 50% of international graduates end up finding employment outside Finland. Meanwhile, for local graduates who graduated from higher education, 86% had found a job in Finland, 2% were living abroad and 4% were unemployed (Cimo, 2012). More importantly, the possibility to work in Finland during and after studies was regarded as an important factor by 70% of international students in Finland (Cimo, 2014).</p> <p>Hence, Finland should invest more in retaining talent especially in view of the declining fertility rate, since the effort to retain talent and attract skills from abroad will become more pertinent in the future. More international career fairs, career services should be set up and efforts to accept and promote an international workforce should be undertaken by the government. It would be a waste to nurture researchers but for them to work for other countries instead.</p>
Lower of tuition fees, living	<p>Finland is unable to improve on this. Cost of living is hard to adjust in a short period of time.</p>

expenses, travel and social cost	With regards to tuition fee, it is a disincentive for potential non-EU/EEA students to study in Finland, if they are coming to Finland to study due to its tuition free arrangements.
Environment factors such as climate, lifestyle, crime, safety and racial discrimination	Finland is the most stable and safest country in the world to live in, according to many reports. Also in 2018, Finland is ranked the happiest country to stay in (BBC News, 2018). Hence, this could be used by educators as a plus point to promote its HE.
Social or educational links to close friends and next-of-kins	Individual Preference, however, it could also be a positive cycle, where talented researchers who migrate to Finland will bring their family or recommend friends to study in Finland. For example, 86.7% of students would recommend Finland for a place to visit or study (Shumilova et al, n.d)
Geographic proximity	Individual Preference. However, this explains why the most number of non-EU/EEA students that enrol in Finland HE are from Russia.



This photo above obtained from CIMO, 2015 shows that Finland, and most Nordic countries still have a far way to go to be a top student destination for HEIs. Germany

which has same land size and GDP per capita, has almost 10 times more student enrolment in HEIs as compared to Finland. Large and mid-size HEIs in Australia and the UK have more student intakes from countries such as China than Finnish universities combined. Hence, it is a long journey and effort for Finland to be a global HE exporter.

Looking at the example of UK, almost a year after the tuition fees were first introduced in UK in 2012, local and EU applications to English HEIs have risen in Fall 2013, according to the undergraduate applications service UCAS. EU applications for 2013–14 are up 3.8 percent from 2012, the year when it started the implementation for school fees (West, 2015). Similar to the situation in Denmark and Sweden, there was a drop of 12 percent in UK and EU full-time undergraduate enrolled at universities and colleges in England, compared to 2011–12 and 9 percent in 2010–11. This occurred directly the year that it started introducing tuition fees to all students. For the entire UK, there was a decrease of 9.3 percent of applicants from other EU countries. It could be because of the difficulty for students to adapt to the fee-paying structure and some might attempt for gap-year or have difficulties paying. Hence, the first year after the introduction of fees was inevitably going to see a decline in numbers going to university. However, when the situation of paying tuition fees are inevitable, there is a steady increase in applicants in the following years. Hence the question for Finland would be how it would manage itself to be have a reputable HE system such that tuition fees are not a deterrence factor to attract non-EU/EEA students?

The other minor point is that there exist many individual initiatives, but the communication of strategies and policies are lacking. A European Parliament report states that Finland stance on internationalisation of HE has been somewhat contradictory. For example, HEIs are encouraged and given the leeway by the government to differentiate themselves. However, they have been given important performance indicators of internationalisation to reach and they are similar across all HEIs. It seems that the government are heavily involved in the internationalisation process, but the approach is formulaic and rigid and deemed as a 'cookie-cutter' approach (European Parliament, 2015).

### **5.3 Limitations of the research:**

1. The actual effect of the implementation of tuition fee is still not known. Its only less than a year since it started this move.
2. In reality, the drop in enrolment figure would be replaced by non-local, EU students, and if there is an assumption that both groups give out similar costs and benefits, then impacts to Finland will be mitigateds
3. Each HEIs should have a different target approach to attract HEIs. The suggestions in this paper are general. For example, improving the exchange programmes for international students can also contribute to internationalisation in HEIs.
4. Benefits and drawbacks could be easily caused by more important factors, such as global economy, local population.
5. There are other situations that might cause the effects as stated, but they are not due to the drop in International students, but rather, local brain-drain.
6. This paper has the believe that implementing tuition fees will provide a new revenue stream for universities. However, it might not be enough to fund a tuition driven international student strategy such as heavy marketing, scholarships, enhanced student services, development of programs, improved curriculum, employing overseas teaching staff.
7. Implementing tuition fee meant that non-EU/EEA students have become consumers in the education sector instead of mere students. There would be more accountability, changes in students' mentality and a rise in expectations by paying students. For example, will students will have the mindset to compare if the education is value for money? Will students demand for improved quality and services? Finland HEIs might need to do a fast catch up with HEIs of other countries charging the same tuition fees but with better university ranking.

## **5.4 Suggestions for further research**

1. When this paper was written, tuition fees implementation in Finland happened less than a year ago. Certain data obtained were incomplete. It needs more time to understand the actual effects and how Finland would follow up with this new system in place. With more enrolment figures, it would be easier to ascertain if Finland HE internationalisation process has indeed been successful.
2. More case studies on more successful HE could be used, such as UK or US, whereby it is a model, not only for Finland, but for the entire Nordic countries.
3. It is critical to look at enrolment of EU/EEA students or locals. These groups of students are still the main engine for future economic growth.
4. Successful HE internationalisation does not look solely into the tuition fees or the enrolment figures of students for revenue. There are other ways as well. Also, more research is needed to be done on other methods of internationalisation, such as increasing student exchanges, improving international staff headcount and having more career opportunities for students.
4. As with time, Finland needs to look at the long run chain of events, such as long-term migration, stabilised international student enrolment. More research needs to be done on the long run and the bigger picture, such as brain drain, migration, economy changes. This paper covered short-run and long-run effects, but more research and follow up is needed for Finland in the long-run, which is more critical to its economy.

## **5.5 Summary**

As with demand and supply analysis, the move to implement tuition fees for non-EU/EEA students will lead to a decline in enrolment figures. However, it is important for Finland to mitigate this situation and learn from the example of Sweden and Denmark. Funds collected from tuition fees, could be used to enhance its marketability and quality of education. For example, Lund University in Sweden has created a new website catered for international students on career recruitment,

printed prospectus for international students, hired a team expert in international recruitment to secure jobs and internship for international students and a housing guarantee for fee-paying students at one of the LU dorms (West, 2015). Indeed, Mansikkamäki and Kuronen states that Finnish companies and HEIs expect more help from the government to enhance the process of promoting its HE. For example, it was found that Finland lacks the effort and intensity of promoting its HE (Mansikkamäki and Kuronen, 2017). Another study by Jaakola found out that Finland HEIs carry out the export process single-handedly due to the inadequate cooperation between stakeholders and lack of information available to base HE export on. There is also the absence of cooperation between HEIs and public and private bodies (Jaakola 2017, 31-32, 2017).

On the other hand, Finland education ministry needs to ask themselves of the purposes and aims of the internationalisation process. That depends on how ambitious Finland wants its education policy to be in the future. It need to temper short-term temptations for long-term targets. Does it want revenue income for HE, or does it want to find talent to support its economy development in the future? Is internationalisation just solely to increase the reputation and prestige of HEIs?

By competing internationally, it is also important for international students to study in Finland and contribute to the Finnish economy after they graduate. (Mansikkamäki and Kuronen, 2017). To effectively engage international students to play a role in Finnish society and economy in the long run, the government needs to address the gaping disconnect between foreigners and Finnish students. Many international and degree students live separately because of the difficulties in mingling with peers of different cultural and societal background. It is rare for different culture to mix in Finland and hence it is challenging for international students to adjust and assimilate to Finnish culture and norms (Taajamo 2005, 42-45, cited by Saarinen, 2012).

Another issue in Finland is that it is more challenging for foreign graduates to find job opportunities in Finland. The integration of foreign graduates into the Finnish working society should be encouraged as it would be a waste to nurture them but instead work for another country. Finland and its economy stakeholders need to improve the acceptance of such graduates by companies Piironen 2015, cited by Saarinen, 2012). Finland and other Nordic countries are lagging behind other EU countries in terms of migration inflow from international student. For example, according to CIMO,



2014, about a half of international students remain in Germany after graduation. 56% of non-EU/EEA students studying between 2005 and 2012 made a change to the status of their residence permit and remained in Germany. The most common status change for the new residence permit was family and work. Similarly, 44% of foreign students who graduated in Germany between 2001 and 2010 still lived in the country in 2011. More students from other countries remained in Germany more often than those coming into Nordic countries (CIMO, 2014).

Hence, in conclusion, Finland move to implement tuition fee is a right step in its process of internationalisation. However, it needs to learn from its Nordic neighbours the lessons it went through earlier and to also prevent making the same mistake. The process of internationalisation is a long one, however, it needs to define its aims clearly and make itself stand out as compared to other tuition paying countries.

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## **Appendix:**

Metropolia AMK	10 000–12 000	1 500–12 000
Novia AMK	6 000–7 000	8 000–11 000
Tampereen AMK	9 800	10 800
Laurea AMK	8 000	10 000
Hämeen AMK	8 700	9 700
Haaga-Helia AMK	8 500–9 500	9 500
Turun AMK	9 000	9 000
Jyväskylän AMK	8 000	9 000
Lahden AMK	7 900	8 900
Centria AMK	6 000–8 500	6 000
Lapin AMK	8 000	8 000
Satakunnan AMK	7 000	8 000
Oulun AMK	8 000	
Seinäjoen AMK	6 800	7 800
Kaakkois-Suomen AMK	6 000	7 000
Savonia AMK	5 000	6 000
Diakonia AMK	4 000	6 000
Arkada AMK	6 000	
Kajaanin AMK	6 000	
Karelia AMK	5 500	
Saimaa AMK	4 300	5 100
Vaasan AMK	4 000	5 000

The figure above is the price for bachelor (2<sup>nd</sup> column) and master's degree (3<sup>rd</sup> Column) in Finnish UAS respectively. (Obtained from: Mattinen, J. (2017))

Helsingin yliopisto	13 000–18 000
Turun yliopisto	8 000–16 000
Aalto-yliopisto	12 000–15 000
Itä-Suomen yliopisto	8 000–15 000
Oulun yliopisto	10 000–13 000
Kauppakorkeakoulu Hanken	12 500
Tampereen teknillinen yliopisto	10 000–12 000
Vaasan yliopisto	10 000–12 000
Tampereen yliopisto	8 000–12 000
Jyväskylän yliopisto	8 000–12 000
Åbo Akademi	8 000–12 000
Lappeenrannan yliopisto	10 000
Lapin yliopisto	8 000
Taideyliopisto	5 000

The figure above is the price for undergraduate degree in Finnish University.  
(Obtained from: Mattinen, 2017)